

The NATIONAL UNDERWRITER



“man friday”

What a break
for Robinson Crusoe
when he suddenly came
upon his “man friday.” What
a relief to have a right-hand man
at his beck and call to respond to
his slightest bidding. It changed what
might have been a tragedy into an
adventure, and made history. When
you, too, have that feeling that no
one is interested in you—no one
cares about your business, get in
touch with our nearest service
department and ask to have
the Crum and Forster repre-
sentative call. You will find
him a perfect “man friday”
when it comes to construc-
tive, intelligent service in
keeping with modern condi-
tions. His experience and
knowledge will be of great
value throughout the
year. Just give him
a chance

The North River Insurance Co.
crum and forster, managers
110 william street, new york

WESTERN DEPARTMENT
FREEPORT, ILLINOIS


SOUTHERN DEPARTMENT
ATLANTA, GEORGIA

CAROLINAS DEPARTMENT
DURHAM, NORTH CAROLINA

PACIFIC DEPARTMENT
SAN FRANCISCO, CALIFORNIA

ALLEGHENY DEPARTMENT
PITTSBURGH, PENNSYLVANIA

THURSDAY, JUNE 22, 1939



PERSONAL EFFECTS—

When away from home
are not always in such
responsible hands.

•

HERE ARE A FEW
of the
"ALL RISKS" FLOATERS
written by
LOYALTY GROUP

- CAMERA
- FINE ARTS
- GUN
- JEWELRY
- MISCELLANEOUS PROPERTY
- MUSICAL INSTRUMENTS
- NEON SIGNS
- PARCEL POST
- PERSONAL EFFECTS
- PERSONAL FURS
- RADIUM
- STAMP & COIN COLLECTIONS
- WEDDING PRESENTS

•

Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee
Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company



Western Department
844 Rush St.
Chicago, Illinois

Canadian Dept.
461 Bay St.
Toronto, Canada

HOME OFFICE
10 PARK PLACE
NEWARK, NEW JERSEY

Southwestern Dept.
912 Commerce St.
Dallas, Texas

Pacific Department
220 Bush St.
San Francisco, Calif.

BANISH WORRY—SELL "ALL RISKS" PROTECTION

The NATIONAL UNDERWRITER

Forty-third Year—No. 25

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JUNE 22, 1939

\$4.00 Per Year, 20 Cents a Copy

Goodcell Removed as Commissioner in California

Much Interest Taken in Action on the Convention Special

SAN FRANCISCO—Governor Olson has named Judge Anthony Caminetti, Jr., of Amador county, insurance commissioner and sent the nomination to the senate for confirmation. Previously he had named Senator Herbert Jones but the latter refused the appointment.

SAN FRANCISCO—On the eve of the annual convention of the National Association of Insurance Commissioners in San Francisco, the question of who was to be the host commissioner became the absorbing topic of the hour. Just about as the 17 car special train transporting the easterly contingent of some 200 was passing through Sacramento, four days out of New York, Governor Olson was submitting to the state senate another man for appointment as California insurance commissioner succeeding Rex B. Goodcell.

Word of the situation was brought to those on the special by Frank Bland of San Francisco, manager of THE NATIONAL UNDERWRITER on the Pacific Coast, who boarded the train at Sacramento and that started a great buzzing. Late into the night the conventioners were keeping in touch with developments until at about midnight Mr. Goodcell appeared at the hotel with the news that at least he would be the insurance commissioner for the opening session of the convention Wednesday morning. The legislature recessed at 11 p. m. Tuesday, after stopping the clock for 72 hours, adjournment having been scheduled for 5 p. m. Tuesday, to reconvene at 11 a. m. Wednesday. The legislature had not acted on the appointment of Judge Anthony Caminetti, Jr., of Amador county at that hour.

Mr. Goodcell was first appointed to complete the unexpired term of S. L. Carpenter, Jr. Then, just before Gov. Olson took office, Mr. Goodcell was named for a new term by the outgoing governor, Frank Merriam, and the senate confirmed him. Mr. Olson was mad and he has been seeking ways to unseat Mr. Goodcell. On Monday of this week the attorney general delivered the opinion that Mr. Goodcell's term expired at 5 p. m. Tuesday. Early Tuesday Gov. Olson sounded out the senate on the acceptability of former State Senator Herbert Jones of San Jose without actually submitting his name. Apparently the senate was not prepared to confirm Jones and Caminetti's name was presented. It was referred to committee and that appointment constituted one of numerous tangles of the final

(CONTINUED ON PAGE 15)

Issues Are Tightly Drawn in Missouri Rate Case

KANSAS CITY, MO.—With a motion to strike the answers made June 15 by the companies, C. L. Henson, attorney for Ray B. Lucas, Missouri insurance superintendent, Monday indicated the insurance department's stand as one of insistence upon the companies returning the full amount of the funds impounded in the Missouri rate case to the policyholders.

Company attorneys denied the authority of the court to set aside its decree of Feb. 1, 1936, except upon proof of fraud; and if the court finds there was bribery in effecting the settlement, then it can only set aside the decree and go on with the litigation as it stood before the compromise.

Issues of Law Raised

Several issues of law were thus raised, and the court gave the companies until June 24 to file with it a memorandum citing authorities for its arguments. The insurance department will have until June 30 to make reply to this memorandum, and the companies then will have until July 3 to comment on the department's reply.

Mr. Lucas's motion to strike contained two dozen points. In it he asserts that the answers made by the companies are insufficient and immaterial, that they do not give good or sufficient reason why the distribution should not be made according to the show cause order; that is, by distribution to policyholders, at company expense, of the full amount of the impounded premium, which means companies would pay for distributing the 80 percent, or about \$8,000,000, which they received, and which they have returned or are returning to the custodian of the court, W. T. Kemper, Jr.

Says Companies Not Deceived

Mr. Henson questioned the right of the companies to bring up the question of the O'Malley rate order of 1935, on which the 1936 compromise settlement of the case was based. Mr. Henson contends that O'Malley practiced no fraud or made any imposition on the companies in that rate order. By reason of O'Malley's action, a new rate went into effect, attached to which was a copy of the compromise. The companies said then that the rate controversy no longer existed. There is no allegation in the companies' answers that O'Malley deceived them, Mr. Henson told the court. If the companies lost by the compromise they were not obliged to accept it or the rate revision, he said.

Mr. Henson charged that the "clean hands" doctrine is as much involved in the companies' desire to reopen the rate question as it is in the bribery phase of the compromise.

Says Hands Are Not Clean

"When time and opportunity were afforded the plaintiffs to have the rate controversy adjudicated and while using the processes of this court lawfully to that end, these plaintiffs or their agents adopted the contract so obtained by the aforesaid devious and criminal course and dismissed their rate controversies

herein without an adjudication, and they cannot now enter this court with clean hands and ask the further consideration of this court," Mr. Henson said in his motion to strike. He mentioned the 19,000 pounds of testimony taken in the rate case. He also objected to reopening of the rate controversy because it was not touched upon in the court's show cause order. The rate order and settlement were obtained by bribery and corruption, Mr. Henson charged. "whether with the actual knowledge of the plaintiffs or with such knowledge as would have put them upon inquiry which would have disclosed said facts, or was upon inquiry which would have disclosed said facts, or was upon the knowledge of C. R. Street, who was the plaintiffs' agent, which knowledge was imputed to them."

Made Order Retroactive

Mr. Henson charged that by returning to the companies 4% of the impounded fund collected from 1930 to 1936, O'Malley in effect made his rate order of May 1935, which was 4% of the 16 2/3 percent increase asked for by the companies, retroactive to June 1, 1930. This was, Mr. Henson says, illegal. Granting of the increase itself by O'Malley was illegal, Mr. Henson said, and cited the case of the American Constitution vs. O'Malley, in which the Missouri supreme court held that the superintendent (O'Malley) had no right to go back and change a rate order of the preceding superintendent.

D. A. Murphy and W. M. Bullitt, of Louisville, appearing for the companies, pointed out that while it has been said that the money belongs to the policyholders, that is not true. That issue hasn't been settled yet. Policyholders have no vested interest in the impounded fund.

Companies Lost Their Shirts

Mr. Murphy said that the doctrine of clean hands can't be invoked in this case. He recalled Mr. Henson's statement that the companies were not acting in good faith when they filed their suits in 1930 enjoining the then superintendent, J. B. Thompson. Yet, Mr. Murphy explained,

(CONTINUED ON PAGE 8)

May Losses 18 Percent Above Month of 1938

NEW YORK—Fire losses in May, the National Board estimates, totaled \$27,031,700, a decrease of .1 percent from the preceding month, but greater by 18 percent than for May, 1938.

The May, 1938, figures were \$22,917,577, and those for the same month of 1937, \$21,437,739. The inclusion of the May figures increases to \$141,694,226 the losses for the first five months, compared with \$131,733,620 in the parallel period of 1938.

	1939	1938
January	\$ 27,615,315	\$ 27,676,337
February	29,203,520	26,472,626
March	30,682,168	29,050,968
April	27,061,523	25,616,112
May	27,031,700	22,917,577
Total	\$141,694,226	\$131,733,620

Examination Issue Chief Topic with the Commissioners

Annual Convention Is Now in Progress at San Francisco

By LEVERING CARTWRIGHT

SAN FRANCISCO—Most observers agree that John C. Blackall of Connecticut is the logical successor to F. N. Julian as president of the National Association of Insurance Commissioners. Whether he is acceptable to the western commissioners, who have become the dominating factor is not certain. Earle of Oregon is understood to be in a receptive mood as to the presidency, as is Moor of District of Columbia.

As the convention opened, indications were that the company examination issue would be the absorbing topic as it has been at the past several meetings. Several schemes for modification of the zone system are under consideration.

Some of the leaders are exerting their influence in favor of modifying the convention examination plan to embrace four instead of six zones and to table all other proposals for change. The sessions at which the issue is debated will be executive.

Interest is taken in what, if anything, may be said about the idea of federal control in view of the current SEC investigation. There again the commissioners are not a unit in opposing the idea.

With so many distractions, it is doubtful whether much business can be transacted. The Californians are most hospitable and they have many sights to show and business may be relegated to a secondary position.

Seventeen Pullmans Used

There was little opportunity for conferring on the special train, as it consisted of 17 Pullmans, transporting 171 and most of the travelers were in compartments and bed rooms. It was a pleasant trip, with a stop of several hours at Colorado Springs and Salt Lake City. At the latter point Commissioner Neslen of Utah was the host and the entire party was entertained with sightseeing trips and at a luncheon.

SALT LAKE CITY

The day in Salt Lake City was memorable. The visitors were taken in a procession of 50 cars on a sightseeing trip through the city, ending at the famous Mormon tabernacle where they listened to the daily noon organ recital. Then luncheon was given at Hotel Utah with Commissioner Neslen as toastmaster. The speakers were Mayor Wallace

(CONTINUED ON PAGE 12)

J. M. Waller Elected S. E. U. A. President

**No Live Issues Before
the Annual Meeting at
Hot Springs**

J. M. Waller, vice-president of the Aetna Fire, was elected president of Southeastern Underwriters Association at its annual meeting at Hot Springs, Va. R. P. Barbour of New York City, U. S. manager Northern Assurance, becomes vice-president. Mr. Waller is a native southerner and acquired his early experience in S. E. U. A. territory. He was born at Lynchburg, Va., and entered a local agency in that city. In 1903 he became special agent of the Citizens of Missouri in the southeastern states and later on was appointed state agent of the Fireman's Fund in Virginia and the Carolinas. He went with the Aetna in 1922 as state agent in Virginia. Three years later he was called to the home office as general agent. Then he was advanced to other positions and was elected to the vice-presidency in 1933.

No Really Live Issues

The absence of any subject of first importance on the agenda at the annual meeting accounted for the relatively limited number of attendants. The business was dispatched in short order and with remarkable unanimity of opinion. After President P. B. Sommers had presented his address setting forth the state of the order, reports were received from Manager-Secretary L. T. Wheeler, and from heads of various standing committees. A report was also submitted by the manager of the Cotton Insurance Association, reciting the experience of member companies in the organization and the business prospects for the new fiscal year. Mr. Sommers having finished his second term as president, Mr. Waller was elected to the office. J. K. Hooker, vice-president of the Automobile, was S. E. U. A. vice-president. When the nominating committee was considering a slate Mr. Hooker asked that his name be eliminated, saying that under advice of his physician he would be unable to take on the additional work.

The new president, J. M. Waller, formerly was a stamping clerk for the S. E. U. A., which gives him the distinction of having risen through its ranks to top honors.

The Cotton Insurance Association now has 32 members and operates through branch offices and special agents throughout the cotton growing states. Milton Dargan, Sr., retired southern manager of the Royal, presided as chairman of the C. I. A., an office he has held for many years.

The tung oil industry in the south has made important strides, and the S. E. U. A. took note of its insurance requirements at the meeting. A study of hazards in the industry has shown that a schedule for it may be advisable.

The general downward trend of rates was the subject of lobby talk. Many recognized that the low loss experience has been the prime cause. However, it will be recalled that the 1938 loss ratio in the south was higher than in 1937.

Won't Cut Michigan Commissioner

LANSING, MICH.—Salary of the insurance commissioner will be retained at \$6,000 annually, the figure established by the 1937 legislature, it was indicated this week. The appropriation for the department was amended to reinstate the \$6,000 salary after the house had approved the bill in a form which fixed the salary at \$5,000. The measure is now before the governor. The entire insurance department budget provides for expenditures of not more than \$105,000 annually, less than 3 percent of the amount normally collected in premium taxes and fees.



EN ROUTE TO COMMISSIONERS MEET:

Top row (left to right) Charles Dougherty, Metropolitan Life; Miss Dorothy Hobbs; C. W. Hobbs, National Council on Compensation Insurance; D. A. Hemenway, Vermont commissioner.

Second row—Martin Lewis, president Towner Rating Bureau; C. F. Creighton, chief examiner District of Columbia department; Ralph Danforth, assistant secretary Millers National.

Third row—Miles Scheaffer, secretary United Benefit Life; J. B. Moor, District of Columbia commissioner; Dr. N. L. Criss, treasurer Mutual Benefit H&A; J. M. McCormack, Tennessee commissioner.

Bottom row—John A. Lloyd, Ohio superintendent; C. R. Fischer, Iowa commissioner; Allen Whitfield, Des Moines attorney.

THIS WEEK IN INSURANCE

Governor Olson of California announces the removal of Insurance Commissioner Rex B. Goodcell, the attorney-general holding that his term of office expired with the closing of the legislative session. **Page 1**

Examination question big issue before National Association of Insurance Commissioners at meeting in San Francisco. **Page 1**

Latest developments are given in the Missouri fire insurance rate case. **Page 1**

Conference will be held this week in San Francisco by stock casualty and fire representatives and producers to agree on a stabilization program in the field. **Page 4**

J. M. Waller, vice-president Aetna Fire, has been elected president of the Southeastern Underwriters Association. **Page 2**

New credit-insurance plan offered by L. E. Falls. **Page 3**

Paramount Fire people are cited before the Tennessee Insurance department July 5 to answer charges of violation. **Page 13**

Revised rates are announced for rain insurance. **Page 7**

Federal government control threatened if state insurance laws are not properly administered, Superintendent Lucas of Missouri declares before National Association of Insurance Commissioners meeting. **Page 17**

Program announced for annual meeting of American Bar Association insurance section at San Francisco July 10-12. **Page 17**

Proposed multi-split experience rating plan for workmen's compensation ex-

Fire and Casualty on Probe Agenda

**Monopoly Committee
Studying Life Insurance,
Hasn't Forgotten Others**

WASHINGTON—The fire and casualty business is still very much on the agenda of the Temporary National Economic (monopoly) Committee.

According to Gerhard Gesell, counsel Securities & Exchange Commission, who has been putting the life insurance witnesses through their paces before the committee, the SEC investigation will get around to the fire and casualty companies eventually though not so soon as indicated at the time of the first life insurance hearings last February. The SEC is going into life insurance very exhaustively and for the time being any other branch of the business takes second place.

In its life insurance study the inquiry has shown itself interested not only in the effect of insurance company finance on the general economic picture but in rates charged, the place of acquisition costs in determining what the consumer pays, and particularly in intercompany rate agreements and anti-competitive understandings.

Gesell said he did not think that fire company rate agreements would be subject to federal jurisdiction even if federal anti-trust laws should be held to apply to insurance, since these rates are local in character.

One subject the committee has been asked to take up is the New York Fire Insurance Exchange's action in prohibiting loans to brokers or acceptance of notes for premiums. H. A. Bayern, first president of the General Brokers Association of New York City and one of its most active legislative workers, has submitted to Chairman O'Mahoney of the monopoly committee a copy of a memorandum filed with Superintendent Pink of New York. Mr. Bayern contends that the exchange's action favors the large broker at the expense of the small broker who cannot finance his operations on a cash basis and that it is a matter which should come before the O'Mahoney committee.

Report Duel Is Slated in Wisconsin

Seemingly authoritative reports are circulating that Marvin Duel of Fond du Lac will be appointed Wisconsin insurance commissioner by Governor Heil to succeed H. J. Mortensen whose term expires July 1. Mr. Duel is serving his second term in the state senate. He has operated as a life insurance agent in Fond du Lac for a good many years and recently has been engaged in fire and casualty insurance as well. He is highly regarded in the state and his appointment, it is believed, will be acceptable to the insurance business.

plained at commissioners' convention by C. W. Hobbs, special representative, in his annual report. **Page 19**

National Accident & Health Association holding annual meeting in New York. **Page 18**

Appeal from automobile rate reduction order in Oklahoma expected to be taken to supreme court by National Bureau of Casualty & Surety Underwriters. **Page 18**

Risk Research Institute hears of nation-wide owners', landlords' and tenants' liability rate study from Milton Acker of National Bureau of Casualty & Surety Underwriters. **Page 19**

Ohio insurance department sends out a call for automobile casualty experience in the state with a view of stabilizing rates. **Page 19**

Better workmen's compensation record shown by New York department compilation of premiums and losses. **Page 30**

Pink Cites Main Changes in New Code of N. Y.

The New York department has issued a statement commenting upon certain features embraced in the new insurance code of that state which has just been signed by Governor Lehman.

The code authorizes organization of a membership corporation or a cooperative stock corporation to furnish medical expense indemnity or hospital service to subscribers. Such a corporation may be organized to furnish only one type of coverage. Combination policies may be issued providing protection by both types of organizations.

The department states that it understands that the Medical Society of New York with the approval of the American Medical Association has developed details of a voluntary prepayment medical indemnity insurance plan and that several other schemes are contemplated. The subscriber is allowed to select his own hospital and physician.

In the code the provisions relating to the terms and enforcement of insurance contracts are drawn together in one article. The investment provisions affecting life insurance have also been consolidated.

Investment Provisions

The changes with respect to the eligibility of corporate obligations and preferred stock for investments involve principally the relating of minimum investment standards to the earnings test. The amounts of required earnings have been based upon coverage of fixed charges with modifications applicable to secured obligations, debentures, income bonds and guaranteed stocks. Alternative tests are provided for senior liens where overall coverage may not apply. Earnings qualifications for preferred stocks have been related to fixed charges and dividend requirements.

Individual mortgage loans have been limited to 2 percent of total assets. Mortgages other than FHA loans and purchase money mortgages shall not in the aggregate exceed 40 percent of assets.

The law concerning the valuation of life insurance and annuity policy reserves has been clarified.

Reference to valuation of accidental death benefits appear for the first time.

Standard Group Requirements

Standard provisions for group accident and health and group annuity contracts are included. The requirements are somewhat strengthened for fraternal and cooperative life companies.

Capital and surplus requirements are increased for casualty and surety companies. Under the old law both compensation and personal injury liability could be written with a minimum capital of \$250,000. Now there must be \$300,000 capital for either and \$550,000 for both. Organization requirements of domestic companies are that the initial surplus must be 50 percent of the initial capital.

To the extent of 50 percent of loss and premium reserve, fire and casualty companies must meet the investment requirements applicable to life companies. The financial requirements of mutual companies have been increased.

Under the new code there is a clear division between life and casualty insurance.

Extension of Coverage

Both fire and casualty companies may acquire the power to do water damage insurance, breakage or leakage of sprinklers, pumps, etc., collision and some kinds of explosion.

The new code does not permit the writing of the personal property floater.

Fire, marine and casualty agents hereafter will be allowed to select the special

(CONTINUED ON LAST PAGE)

New "Fact Finder" for Use in Credit Data Program

To supplement the insurance statement now being used by the National Association of Credit Men, a "Fact Finder" was suggested at the annual meeting in Grand Rapids by L. E. Falls, vice-president American of Newark. This survey of insurance requirements is to be filled out by the local agent whom the credit seeker designates in his application for credit.

The public relations committee of the National Board is distributing 84,000 copies of the "Fact Finder" to local agents. The form is approved by the Business Development Office, sponsored by insurance companies and National Association of Insurance Agents. It has received the approval of the New Jersey Association of Credit Men.

On the face of the survey the aims are outlined:

"1. What are the kinds and values of property, carried as assets, which could be badly damaged or destroyed by perils to which they are subject?"

"2. What are the operations and activities of the business being surveyed which imperil the credit standing of the business or of the individuals who are necessary to the continued operation of that business?"

"Many variable factors are involved, but a competent insurance adviser would be of material assistance in selecting the soundest and most economical protection in preserving the financial position and credit standing."

Main Section is Given

The main section "Fact Finder" is given below. The back page is a blank so the agent can fill in his recommendations of insurance which is needed under the following explanation: "All insurance carried by this credit applicant has been examined. In my opinion, all insurance hazards to which he and his business are subject are adequately insured to protect his credit except as follows:"

GENERAL INFORMATION

1. Is business operated by () Individual; () Partnerships; () Corporation (check which)
2. Type of business: () Mercantile; () Manufacturing; () Non-manufacturing. (check which)
3. Description and scope of operations:

BUILDING DATA

(The following information should be developed for each building owned or used)

1. Location
2. Occupancy
3. Construction
4. Automatic sprinklers
5. Is (A) Building and (B) Real estate owned or leased
6. If owned: (A) Appraised or (B) Estimated insurance value \$..... (This item should include machinery and permanent fixtures insurable as part of building.)
7. If leased: Is lessee responsible for insuring building

(If so, complete information as for owned building.)

CONTENTS DATA

(The following information should be developed for contents of each building owner or used)

1. Insurable value of machinery and furniture and fixtures: \$..... (excluding items included under building)
2. Insurable value of stock or merchandise: \$.....
3. What are maximum and minimum values during the year: Maximum \$..... Minimum \$.....
4. Maximum percentage of stock value susceptible to sprinkler leakage loss:

USE AND OCCUPANCY DATA

1. Estimated time required to replace (A) Building; (B) Machinery and equipment: Building months; Machinery and equipment months.
2. In event of loss, could approximately normal income be maintained with use of available facilities involving only extra expense:
3. Are there any key processes or vital machines which could cause total suspension if damaged:
4. Total annual income:

(From operations or sale of merchandise or products)

5. Cost of merchandise or raw stock represented in annual income: \$.....
6. Annual cost of heat, light and power: \$.....
7. Highest consecutive 90 day payroll: \$.....

MISCELLANEOUS DATA

1. Description and location of (A) Steam boilers; (B) Steam engines; (C) Turbines; (D) Pressure vessels; (E) Other vital machines:
2. Largest amount subject to one loss of (A) Incoming or outgoing shipments; (B) Mail or parcel post:
3. Maximum amount (A) Cash and (B) Securities on premises: \$.....
4. Are employees paid in cash: If so, how often:
5. Largest amount of any one payroll: \$.....
6. Amount of cash and valuables carried simultaneously by outside messengers: \$.....
7. Maximum amount of (A) Cash and securities, and (B) Merchandise, kept in safe and vault:
8. Are all employees bonded who handle money, securities, negotiable papers involving sizable sums, or accounts:
9. Maximum amount of any incoming or outgoing check or draft: \$.....
10. Number and description of (A) Passenger elevators; (B) Freight elevators; (C) Side-walk or other hoists:
11. Is there possibility of claim for damages by reason of consumption or use of your products away from the premises:
12. Is the perpetuation or stability of the business dependent upon the lives of any certain individuals: Yes:; No:; To what extent:
13. In what states are automobiles or teams owned or used by the business:
14. In what states are employees working:
15. What owners', landlords' and tenants' liability has the business:

Local Agents to Be Aid to Credit Men Under New Program

Widespread Possibilities in New Plan Offered by L. E. Falls

GRAND RAPIDS, MICH.—A new credit-insurance program which has widespread possibilities if accepted and put to work by the National Association of Credit Men was outlined before that organization's annual meeting here by L. E. Falls, vice-president American of Newark. The services of 150,000 local insurance agents were offered the credit men in making the present insurance statement form more workable and practical.

Although the insurance statement endorsed and now used by members of the credit men's association is a marked step forward, it has its shortcomings, the main one being that it is difficult for anyone to accurately judge the adequacy of insurance coverage without first hand facts on the hazards being covered. The local insurance agent is obviously in the best position to analyze such risks and to provide credit men with their findings.

Asks for Agents Name

Under the plan which Mr. Falls worked out with the New Jersey Association of Credit Men, the credit man asks the applicant for the name of his local agent or the agent who serves him most, if he has more than one. The credit man then sends a form letter to the local agent along with an insurance "Fact Finder" which the agent is asked to fill in. On the back of the "Fact Finder" the agent is asked to outline the insurance coverages which the credit applicant needs but does not carry.

The local agent by his activities knows the inherent and created hazards of life and business in his community and he is a mine of information about the prosperity, credit standing and habits of pay of many of his fellow townsman, Mr. Falls said. The local agent is the logical man to make a survey to show what a credit applicant owns and does, which should be adequately insured to maintain the customer's credit, and to avoid an uninsured loss which would impair that credit.

Form Letter Suggested

A form letter was suggested by Mr. Falls to be sent to the local agent pointing out that the agent can expedite the granting of credit by surveying the applicant's insurance requirements and how they are protected. The agent is urged to point out to the client for his own good any serious omissions of needed protection. The agent is asked to fill out the "Fact Finder" forms in duplicate so he can keep a copy himself and send one to the credit manager.

The "Fact Finder" by its design and arrangement tells the credit applicant's insurance needs and on the back of the form the agent is asked to sign a certificate that he has examined the insurance carried by the credit applicant whose insurance needs are shown by the survey, and that the insurance in force is adequate except as noted by him. There is also a space to note the insurance needed and carried. The insurance carried is filled in upon the statement form.

The advantage of this plan is that the credit man is furnished a detailed report by a trained insurance agent showing the insurable perils in the prospective debt

(CONTINUED ON PAGE 31)

'Lo, fellers!

Meet the Talking Suitcase!

I'm selling Personal Effects Insurance this month for Agents of The American Insurance Group in a decidedly novel way.

Would you like to meet me in person?

If so, write to my sponsor



THE **American Insurance Group**

Newark  New Jersey

— Fire & Marine Companies —

THE AMERICAN INSURANCE COMPANY
THE COLUMBIA FIRE INSURANCE COMPANY

THE JERSEY FIRE UNDERWRITERS
DIXIE FIRE INSURANCE COMPANY

Glimpses of the Coast-to-Coasters

The railroad company printed a directory of those aboard the 17-car special train that transported the coast-to-coasters to San Francisco for the annual meeting of the National Association of Insurance Commissioners this week. That was most helpful in the pursuit of contacting and fraternizing. A telephone system would have been even more desirable.

The group was delighted that Col. Joseph Button, manager of the Stock Company Association, and former Virginia commissioner, was looking fit and able to make the trip. He suffered a serious attack at the Des Moines convention in December and was under treatment for some time thereafter. He was chaperoned by James Victor Barry, former Michigan commissioner and former vice-president of Metropolitan Life.

The ladies aboard each received a box of candy, gift of the American Mutual Alliance.

Insurance Director Smrha of Nebraska greeted the special at Omaha. With a look denoting wistful regret, he said he couldn't go to San Francisco. The governor refused to approve the expense of the trip.

Insurance Director Palmer of Illinois and Mrs. Palmer were accompanied by their sons, Ernest and Bradley.

Much excitement occurred at Ames, Ia., when George F. Wall, secretary of American Mutual Life, boarded the train with his bride of three days, the former Cora Thompson. A party of Iowans staged an old fashioned charivari at the station and J. J. Moriarty, vice-president American Mutual Life, had arranged for those aboard to get off and greet the newlyweds. Mr. Moriarty also made the trip.

Lic. Reina Hermosilla, Mexican official who corresponds to the insurance commissioner of an American state, is attending the convention. This is the first time Mexico has been represented. Mr. Hermosilla speaks but little English. An interpreter was made available to him through courtesy of J. G. Godsoe of Confederation Life of Canada.

Col. J. G. Emery, new Michigan commissioner, made a most favorable impression. In San Francisco he and F. N. Belgrano, Jr., president Pacific National Fire, had a special get-together, as both are former national commanders of the American Legion.

The Canadian contingent, most of whom boarded the special at Chicago, includes W. J. Beattie, assistant to the president Canada Life; J. G. Godsoe, as-

Stabilization Plan Will Be Discussed

Conference Will Be Held With Producers in San Francisco

SAN FRANCISCO — An effort will be made through conversations here Thursday on the part of stock casualty and fire company representatives and producers to agree upon a stabilization program in the field that will avert any movement to seek new state regulations in California. Much complaint has been heard in California about the writing of fictitious auto fleets, rate and commission competition and extension of so-called relief rates.

Executives to Be Present

The conferences are under the general direction of J. H. Doyle, general counsel of the National Board. C. W. Fairchild, general manager Association of Casualty & Surety Executives, will participate. There will be two head office executives of board fire companies and of bureau casualty companies and one head office executive of a non-board fire office and one of an unaffiliated casualty company. There will be a like delegation of coast representatives. That group will meet Thursday morning and in the afternoon they will have an audience with six representatives of the producers organizations.

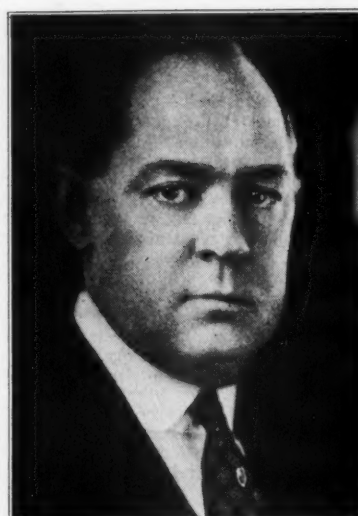
The head office conferees will be: O. E. Lane, Fire Association; J. S. Phillips, Great American; J. R. Cooney, Firemen's; E. J. Bond, Jr., Maryland Casualty; J. M. Haines, London Guarantee; J. A. Diemand, Indemnity of North America.

Assistant general manager Confederation Life; Superintendent McNairn of Ontario, and Mrs. McNairn; Commissioner La France of Quebec (Mr. La France came by air while Mrs. La France traveled via the special); Mrs. G. C. Moore, wife of the general manager of Imperial Life; R. Leighton Foster, manager Canadian Life Officers Association, and C. S. V. Branch, vice-president Sun Life, who arrived ahead of the others.

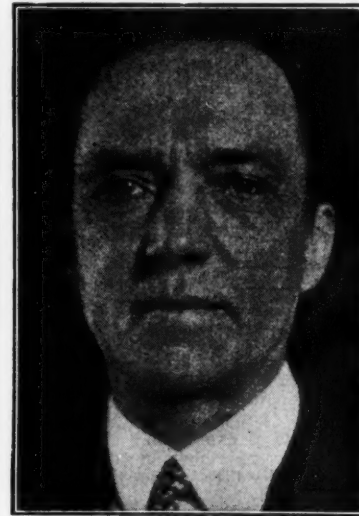
Henry Moser, Chicago attorney, a camera addict, talked the railroad into permitting him to ride in the engine cab through the Royal Gorge, so that he might make some artistic shots.

Dee Ridlen, formerly of Des Moines, has opened a new agency in the Marion theater building, Knoxville, Ia.

S. E. U. A. OFFICERS ARE NAMED



JAMES M. WALLER, Aetna Fire President



ROBERT P. BARBOUR, Northern, Eng. Vice-president

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FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

NEWS OF THE COMPANIES

Peruse Head Office Reports of Royal-L. & L. & G.

Reports of the annual general meeting of shareholders of Liverpool & London & Globe and Royal have now reached this country. These reports are always perused with much interest on this side.

Premiums in the fire department amounted to £5,429,000, a shade lower than in the previous year. Losses amounted to £2,317,000. A profit of about £512,000 was transferred to profit and loss account after providing the usual 40 percent reserve. The fire fund now stands at £5,671,000.

In the United States, the report stated, the fire business showed gratifying results. Premiums were slightly lower but toward the close of the year there were signs of increased activity. Various lines of supplementary coverage have been energetically developed and have served somewhat to offset the reduced volume of ordinary fire business.

Incidence of Losses Higher

The incidence of losses was somewhat higher than in 1937. This upturn, the statement observes, follows a five-year period of unusually low fire loss ratios which have been responsible for a progressive reduction in rates. Any increase in losses has to be carried on a more slender premium basis and proves a stringent test of underwriting.

The premiums in the accident and general insurance account amounted to £6,030,000 with an underwriting profit of about £567,000. The results in the United States were especially gratifying. Claims paid and outstanding in the ac-

cident and general department were £2,903,025. The funds amount to £5,912,312 or 98 percent of the premiums.

In the marine department net premiums amounted to £1,015,075 and claims paid on account of that year £269,654. The 1937 account has been closed and the loss of £46,420 carried to profit and loss account. The fund carried forward amounts to £1,649,006 or 162 percent of the 1938 premium.

Total Funds £51,053,611

The total funds at the end of the year amount to £51,053,611, including the life assurance fund of £27,118,312.

The premiums in the fire department of Liverpool & London & Globe amounted to £3,835,137, a slight decline of about £100,000 from the year before. The losses were £1,628,754. A balance of £332,251 was transferred to profit and loss account. The fire funds amount to £3,309,055.

The premiums in the accident and miscellaneous department were £4,865,529, just a trifle below the year before and claims were £2,429,039. A balance of £536,911 was transferred to profit and loss account. The funds amount to £3,196,211.

In the marine department the premium income was £345,657. A profit of £3,139 was transferred to profit and loss account. The funds now amount to £438,263.

Associated F. & M. Names Kates Vice-President

H. G. Kates, for the past three years Pacific Coast manager of the Central Manufacturers Mutual Fire, will become vice-president of Associated Fire & Marine. The company is actively returning to the writing of direct fire business

after several years of confining its operations to auto fire and theft and reinsurance.

At the outset development efforts will be confined to California, Oregon and Washington, according to L. H. Mueller, board chairman, who said that further expansion will be gradual as the business in these three states becomes firmly established.

Mr. Kates started in insurance in a local agency in Columbus, O., 17 years ago. He spent some time in the Ohio field for the Glens Falls and then joined the Central Manufacturers. He has served the latter in the south, southwest and several years ago went to California as district manager at Los Angeles, later being made Pacific Coast manager.

Home Office Conference

Departmental managers of Associated Indemnity and Associated Fire & Marine are in San Francisco this week attending a conference with the home office executives. Those attending are R. L. Inglis, resident vice-president at New York; M. W. Wilson, vice-president in charge of the mid-west with headquarters in Chicago; Stoddard Smith, resident vice-president at Dallas; Marvin Hewett, manager at Los Angeles and William Carrell, Portland, Ore., in charge of the Pacific northwest.

Wind Up Public Fire Liquidation

NEWARK—The tangled affairs of the Public Fire of Newark were officially closed as Vice Chancellor Stein in the Newark court of chancery approved the final report on liquidation proceedings. Commissioner Reilly of New Jersey submitted the report for payment of the liquidators and creditors.

Allowances made included \$2,500 to John Milton, Commissioner Reilly's legal adviser, \$500 for expense incidental to the termination of liquidation, and \$350 to Special Master Saul Cohn.

The report listed cash assets of \$12,276 and book assets of \$474,136. It con-

tained a provision for proportional payments of all creditors who had filed claims.

Boston and Old Colony Announce Promotions

A. B. Parker, Jr., special agent of the Boston and Old Colony in western New York, has been elected assistant secretary. He went with the companies in 1922 at the head office. Later he represented them in Pennsylvania for nine years and more recently has been in the New York field with headquarters at Syracuse.

Mills Made General Adjuster

A. H. Mills, general agent in Maine, New Hampshire, Vermont, Massachusetts and Rhode Island, has been made a general adjuster for the fire department.

John E. Trudell, who has been with the companies since 1910, and is now an examiner, becomes superintendent of agencies in the eastern central division.

S. W. Spear, who has been with the companies since 1921, becomes superintendent of agents in the New England division, he now being an examiner.

The Lafayette Fire has declared a dividend of \$1 a share payable July 1 to stockholders of record June 15.

Legal & General's Writings

A reader calls attention to what he considers an error in a recent issue in which the Legal & General was said to be getting \$10,000,000 in premiums out of the United States. He cites the fact, for instance, that Legal & General, which has been writing fire and casualty insurance in Canada for a number of years reported a total premium income of \$200,000 from the Dominion. Of this nearly \$160,000 was derived from fire insurance. A correspondent claimed that although not licensed it is writing large amounts of business even exceeding the London Lloyds.

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VIEWED FROM NEW YORK

By GEORGE A. WATSON

CHARLES STULTZ IS HONORED

Earned premiums due fire and casualty companies and unpaid last January, the Central Bureau reports, totaled \$77,922, less by \$6,796 than those outstanding at the same period in 1938. Of the amount due Jan. 1 \$14,607 was owing fire companies and \$63,315 casualty.

The manager of the bureau, Charles Stultz, rounded out 25 years connection with the insurance business some days ago, in recognition of which he was tendered a dinner by a number of his friends.

RAIN INSURANCE RATES

Member companies of the Rain Insurance Association will on and after July 15 be privileged to write under forms A, C, D, E, and F coverage based on a .05 inch precipitation, at an increase of 30 percent over that charged for the present .1-inch precipitation; the advance quoted is applicable to all forms save Form D, upon which the increase will be 62½ percent. Form B, which requires no specific measurement, may also be written on a .1 or .2 precipitation at proper rates should assured so desire. During the 1938 calendar year the gross writings of the association members aggregated \$2,603,155; with premiums of \$240,033 and losses of \$141,043.

TRAYNOR ACTING HEAD

During the absence of Insurance Superintendent Pink of New York, who is attending the annual meeting of the National Association of Insurance Commissioners at San Francisco, J. P. Traynor, deputy superintendent, is in charge as acting superintendent. First Deputy T. J. Cullen, who spends much time at the Albany office, is attending the convention and has asked Deputy G. H. Jamison to act in his stead.

NORTHWESTERN NATIONAL CASE

What the attitude of the Northwestern National of Milwaukee will be with respect to the demand of Superintendent Pink, issued May 19, that it discontinue the payment of excess commissions in New York City, or have its license in the state forfeited by July 19, does not appear. No intimation has yet been given by the company. From this it is inferred challenge of the position of the department will be made in the courts.

LIST BIG FIRES IN MAY

The New York Journal of Commerce lists these fires that occurred in May which are estimated to have caused loss of \$100,000 or more:

Brunswick, Me., four business houses and eight office suites, \$100,000; Cedar Grove, N. J., insane asylum laundry building, \$200,000; Secaucus, N. J., soap factory and pig sheds, \$225,000; Sands Point, L. I., dwelling, \$150,000; Sunnyside, L. I., apartment houses, \$300,000; Logansport, Pa., distillery warehouse, \$1,000,000; Pittsburgh, steel foundry, \$1,250,000.

Also, Punta Gorda, Fla., two fish

Interest in National Board Executive Committee Chief

NEW YORK—Much interest is being taken in the choice of chairman of the executive committee of the National Board, to be determined Thursday, as the occupant of that post under an unwritten rule is in direct line eventually for the presidency of the board. Among the several names mentioned favorably is that of J. M. Thomas, president of the National Union. He served recently as chairman of the public relations committee and was reelected a member of the executive committee last month.

Meetings of the fire prevention and public relations committees of the National Board were held Wednesday.

houses and cold storage plants, \$100,000; Lebanon, Va., school, \$200,000; Aurora, Ill., lumber plant, \$100,000; Chicago, five grain elevators, \$3,000,000; Spring Valley, Ill., overall plant, \$150,000; Princeton, Ind., manufacturing plant, \$150,000; Jefferson City, Mo., hotel, \$200,000; Springfield, O., lumberyard, \$300,000; Jefferson City, Tenn., hotel, \$205,000; Madison, Wis., hardware warehouse, \$100,000; Superior, Wis., canning plant,

\$900,000; Superior, Wis., business building, \$150,000; Napa, Cal., planing mill and liquor warehouse, \$200,000; Santa Rosa, Cal., block of stores, warehouses and garages, \$100,000; Vacaville, Cal., business block, \$200,000.

Mrs. Fairchild Displaced in Nebraska Department

LINCOLN, NEB.—Mrs. Mary A. Fairchild, for 25 years with the Nebraska department, of which she was at one time head, has been notified that her services will not be required after July 1. She will be succeeded as chief clerk

by H. J. Murray, for six years deputy state treasurer.

Director Smrha said there had been no disturbance in the department, but that it had been concluded that it was for the best interests of all to make the change. Mrs. Fairchild said her removal came without notice or explanation. Members of the legislative committee that investigated the department were somewhat critical in their discussions over the fact that Mrs. Fairchild has a son and a son-in-law in responsible positions with Nebraska companies, but said nothing about it in their findings.

"The World of Tomorrow" DEPENDS ON A.D.T. PROTECTION



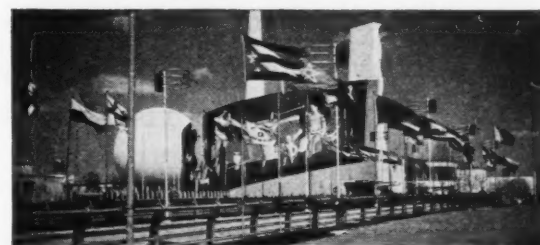
● Like all major expositions of recent years, New York World's Fair 1939 adopted A.D.T. fire protection signaling systems to assure prompt discovery and accurate alarms in case of fire. Other A.D.T. protected expositions include: the "Golden Gate International Exposition" at San Francisco; "A Century of Progress" at Chicago; the "Texas Centennial" at Dallas; the "Great Lakes Exposition" at Cleveland; the "San Diego Exposition."



THE LAST WORD in fire fighting equipment has been provided by the Fair Corporation. Manned by almost a complete battalion of trained, experienced fire fighters, the Fair Fire Department is one of the most efficient units of its size in the country. Prompt and accurate alarms are assured by the A.D.T. Aero Automatic Fire Alarm protecting most of the exhibit buildings, and by A.D.T. Manual Fire Alarm Boxes strategically located throughout the grounds and in all buildings.



IRREPLACEABLE ART TREASURES in the Contemporary Arts Building, above, and the Old Masters, valued at \$30,000,000, in the Fine Arts Building are protected by Aero Automatic Fire Alarm and Watchman's Compulsory Tour Systems.



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is the title of Alliance national advertising for June.

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Missouri Rates Now Before the Court

(CONTINUED FROM PAGE 1)

the companies had been losing their shirts in Missouri for years. They certainly needed a semblance of compensatory rate in the state. The 16½ percent increase asked for yielded them a very small profit, less than 2 percent, according to the master's testimony.

If the superintendent and the attorney general (who did not appear Monday) do not accept the companies' offer to set aside the settlement of Feb. 1, 1936, then the entire case must become status quo as of that time, in whole and not in part, Mr. Murphy told the court.

Are Entitled to a Profit

Companies are entitled to a profit, Mr. Murphy declared, and the court is duty bound to pass on the merits of the Missouri rate case. Distribution of funds without determining who owns them is unconstitutional. The companies insist that they own the money.

Mr. Murphy called attention to the fact that there had been no proof of bribery, that there were only reports of bribery of O'Malley and Pendergast.

Mr. Bullitt contended that the court did not have the power to set aside a decree handed down in a previous term of court unless fraud were shown. In that case, the controversy should be reopened and heard on its merits. If the court finds there was bribery, then the court should set aside the decree and go on with the litigation, company attorneys indicated.

The court then concluded that the matter revolves around the question of whether the court has the power to act, and instructed company attorneys to prepare their memorandum.

The answer of the Western Fire, filed last week separately from those of the other 136 companies, is substantially the same as those answers.

FEATURES OF ANSWER

Points Brought Out in the Document Present Companies' Attitude

KANSAS CITY—The companies involved in the Missouri rate case settlement indicated that they will insist upon a fair trial of the issues in their litigation with the state.

They outlined their position in the answers they filed in federal district court to the court's orders to show cause why all funds ordered returned to the custodian of the court and other sums in the hands of the custodian should not be distributed to policyholders and the cost of such distribution be borne by the companies.

Have Valid Cause of Action

On institution of the companies' suit to enjoin the Missouri insurance department from interfering with the collection of the 16½ percent increase in rates, the companies, they state in the answers filed, had—and have—a good and valid cause of action. Evidence by more than 60 witnesses was submitted on the merits of the controversy. A master in chancery appointed by the court filed a digest of evidence and findings, "which is hereby expressly incorporated herein by reference," according to the answers.

The court may not distribute the sums in the possession of the custodian otherwise than according to the terms of the final decree (Feb. 1, 1936), assert the companies in their answers, or, alternatively, if the defendants (the insurance department and the state) disclaim the decree, then the court can distribute the money only according to law to the lawful owner of the money as may be determined on appropriate hearing and determination of the merits of the con-

troversy as set forth in the pleadings of the respective parties, and pursuant to the evidence and the master's report.

Say Action Would Be Unlawful

To make distribution in any other manner, or summarily, as the order to show cause proposed, deprives the companies of property without due process of law, asserted the answers. To dismiss the cause at the cost of the companies, pursuant to the order to show cause, would be an unlawful and inequitable action.

Were the cause to be heard on the merits of the controversy, the companies would succeed in their suit, secure a favorable decree, and the entire sum impounded by the court awarded to the companies, the answers suggested.

The final decree of the court in 1936, the settlement agreement, and the rate order of May 21, 1935, were in many particulars disadvantageous to the companies; this was another point made by the answers. It was pointed out that the companies paid R. E. O'Malley, former insurance superintendent, now in Leavenworth for evading taxes on income received in connection with the rate case settlement, \$169,440 to be given to the state; that they paid special counsel for the insurance department \$500,000, and that a part of the impounded fund has been paid to policyholders.

No Knowledge of Bribery

Companies stoutly disclaimed any knowledge that C. R. Street bribed T. J. Pendergast, Kansas City political boss, also in Leavenworth, O'Malley, or A. L. McCormack, St. Louis agent, to effect the rate case compromise.

"Plaintiff did not authorize C. R. Street or the said committee (Subscribers Actuarial Committee of the Western Underwriters Association) or any other person to commit bribery or to pay moneys to induce official action or consent to so doing, or know thereof," according to the answers. "The said C. R. Street was not in the general employment of the plaintiff, but was chairman of a committee which had existed for more than 20 years, which supervised matters of common interest to insurance companies." Companies did not plan, abet, or participate in, nor did they have knowledge of the bribery. They paid money to Street "upon the belief that the same would be employed for lawful purposes only. . . ."

Not only do the companies disaffirm all advantage in any way arising from the decree, settlement and rate order forming the basis thereof, but advantage should not have been given to either plaintiff or defendant.

Offer to Set Aside Compromise

The companies agreed to restore all benefit derived from the decree by July 1. By their answers they put the defendants in status quo. They tender to the defendants an offer to vacate and set aside the compromise, and point out that in equity, if the defendants be aggrieved by the final decree, they ought to make restoration of all benefits, as the companies are doing, and the cause should be heard upon the merits of the controversy, regardless of the final decree, settlement, and rate order.

The companies having placed the matter in status quo as existing prior to the judgment of the court on Feb. 1, 1936, they tender the defendants the privilege of entirely vacating the judgment and voiding the rate order. If the defendants decline to vacate the judgment, then that is affirmation by the defendants that they are not aggrieved and the decree of February 1936, should be effective.

Put Burden on Defendants

Cost of distribution to the policyholders, if directed, ought not to be at the cost of the plaintiff companies because they already have paid some \$670,000 to the insurance department, "which sums in nowise could have been taxable costs in this case."

The answers ask the court to have the defendants show cause why the court

should not proceed with determination of the merits of the controversy, or, if they accept the decree, why they should not be content to abide by it.

One company, the Western Fire of Ft. Scott, did not file with the other 136, and indicated it was filing a separate answer.

Want Rates Reduced

Action of the companies would return the whole Missouri rate litigation to the status it had before the compromise settlement of 1936. Both C. L. Henson, general counsel for the insurance department under Ray B. Lucas, in his appearance before the federal court here, and Attorney General McKittrick, in his independent action before the Missouri supreme court, have asked that the fire rates be reduced to the level ordered in 1922 by Ben Hyde, on the grounds that the rate increase effected in the compromise of 1936 was illegal. Mr. Henson indicated on May 29 that he did not feel the companies could oppose a rate decrease to the Hyde level, nor could they oppose any rate order of the insurance department, since, in his opinion, they could not come into court with "clean hands."

"Defendants" in the answers filed by the companies are the insurance superintendents since 1932 and Attorney General McKittrick.

WANTS PROBE IN KANSAS

TOPEKA, KAS. — State Senator J. S. McDonald of Kansas City, Kas., repeated his demand that there be an investigation of the Kansas rate compromise when he spoke on WIBW here. Mr. McDonald, asserting that the compromise had cost Kansans \$7,000,000 since 1930 in rate increase, plus \$3,000,000 returned to companies under the compromise, called on Governor Ratner to appoint a bi-partisan investigating board to go into the compromise, or call a special session of the legislature to do so.

Insurers to Get 10% of Black Tom Recovery

NEW YORK—Fire and marine companies which paid losses on property destroyed in the Black Tom and Kingsland, N. J. munitions explosions in 1916 will benefit to the extent of several million dollars in all, as a result of the decision of the German-American mixed claims commission in Washington where awards aggregating from \$40,000,000 to \$50,000,000 were made. The major amounts will go to various railways, barge owners and others. Insurance carriers should collect approximately 10 percent of the total settlement.

Los Angeles Exchange Meets

The Los Angeles Insurance Exchange will hold its final meeting of the summer June 27. Company representatives have been invited. The subject of discussion will be liability. Hugo Methmann, manager casualty department Fireman's Fund Indemnity; Manager W. J. McKinnon, Great American Indemnity, and J. S. Dwight, agent, will discuss owners, landlords and tenants, manufacturers and contractors, contingent and other liability coverages. There will follow a closed meeting for discussion of measures relating to the exchange. President Harold McGee appointed a committee to study the apparently prevalent practice of automobile dealers in offering better deals or trade-in allowances to clients who will permit the dealer to write all insurance in connection with the vehicle.

Kenneth Bair Resigns

GREENSBURG, PA.—Kenneth H. Bair, agent of this city and former president of the National Association of Insurance Agents, has resigned as treas-

urer and director of the Coal Operators Casualty of Greensburg. It is stated that his action was taken because of his disagreement with the present operating policy. He has served as an official since the company was organized in 1936. It writes workmen's compensation in Pennsylvania for mine operators.

N. Y. Brokers Rename Officers

NEW YORK—All officers of the Insurance Brokers Association of New York were reelected at the annual meeting: President, C. L. Despard; first vice-president, W. L. Mosenthal; second vice-president, Courtlandt Otis; treasurer, C. O. Pate; secretary, G. W. Will.

Danforth on Pacific Coast

R. S. Danforth, assistant secretary Millers National, is on an agency trip to the Pacific Coast and in addition to spending time with H. M. Dinsmore, Pacific Coast department manager, is attending the insurance commissioners' convention in San Francisco.

Insurance Society Graduation

NEW YORK—Having completed the brokerage course of the Insurance Society of New York, 75 young men and women were graduated Monday evening, certificates being presented by L. E. Falls, president Insurance Institute of America. Cash prizes contributed by company executives were presented by J. J. King, president. Deputy Superintendent G. H. Jamison declared the excellence of their training was evidenced by the high percentage of those passing the department's examination for broker's licenses.

Clifford P. Nutting, partner in Boit, Dalton & Church, general agents of Boston, died after several months' illness. He was 57 years of age and had been in insurance 40 years. He started with A. Lord & Co., later being in the accident and health department of the

Presiding Over the Indiana Agents Meeting

Ross E. Coffin of Indianapolis, president Indiana Association of Insurance Agents, will pre-

side over the summer meeting to be held Thursday and Friday of this week at Lake Wawasee, Ind. He has been a very active official in the organization and has contributed much to its well being. Wellington Potter of Rochester, N. Y., who has appeared at a number of agents' meetings will speak both Thursday and Friday afternoons. He has proved one of the most popular speakers at gatherings of this kind. A golf tournament has been arranged. The program is an attractive one. On Friday morning W. D. Lynn of Wabash will give a talk on "Agency Analysis and Surveying."



R. E. Coffin

Travelers' Boston agency, then manager accident and health department Norwich & London Accident. He became a partner of William A. Hamilton & Co. in 1909, and in Boit, Dalton & Church six years ago.

At the end of 10 months of training in an educational lecture course conducted by the Royal-L. & L. & G. group, with C. D. Minor, director of education as leader, 39 staff leaders gave a dinner in his honor. Manager Harold Warner, Deputy Manager H. T. Cartledge, Assistant Manager H. C. Connick were among the guests. Charles Rosenow, a member of the class, was toastmaster. Mr. Minor was presented a wrist watch.

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NEWS OF FIELD MEN

Harrison Heads the Georgia Blue Goose Live Meeting Held for Kansas Zone 4

John M. Harrison, Atlanta manager of the Royal, was elected most loyal gander of the Georgia Blue Goose at its annual meeting in Atlanta. He succeeds C. M. Ramspeck, Home. Other officers elected were: Supervisor, Marion Watson, A. F. Irby & Co.; custodian, N. B. Browne, Agricultural; guardian, W. H. Stroud, Aetna; keeper, S. W. Milner, Hartford Fire, and welder, G. F. Price, Southeastern Underwriters Association.

Mr. Ramspeck and H. D. Cutter were elected delegates to the grand nest meeting.

The pond initiated four new members: E. D. Ballard, S.E.U.A.; R. W. Grier, assistant manager, McGee & Co.; J. H. Hancock, S.E.U.A.; and J. M. Fitz-Simons, marine special agent Home.

The grand nest was represented at the meeting by George Edmondson of Tampa, Fla., deputy most loyal grand gander. Other special guests were John F. Stafford of Babson Park, Fla., honorary member of the Georgia pond and past most loyal grand gander, and Hugh R. Loudon, also of Babson Park, Fla., one of the charter members of Blue Goose. Mr. Stafford formerly was western manager at Chicago of the Sun, and Mr. Loudon formerly was United States manager of the L. & L. & G.

The business meeting was held in the afternoon, and in the evening the ganders and their ladies assembled at the Druid Hills Golf Club in Atlanta for their annual dinner dance.

Miss Nell Carpenter Phillips, daughter of T. Ray Phillips, Oklahoma state agent America Fore and past most loyal grand gander of the Blue Goose, was married in Oklahoma City to Ensign John Gordon of the United States navy.

The Tulsa (Okla.) Blue Goose held its annual golf tournament June 16, followed by a stag dinner.

Walter P. Porep of Seattle, who retired a year ago, after a long service as special agent of Aetna Fire group, has returned from a long trip and has promised to be at the summer joint meeting of Seattle and British Columbia Blue Goose June 23 at Rainier Golf & Country Club.

The third Business Development meeting for Zone 4 was held at Beloit, Kan., with 41 agents and nine field men registered. L. L. Gaines, Commercial Union, field chairman, presided. E. Hauck, North British, discussed "The New Program;" Ray Priest, L. & L. & G. talked on "New Rating Rules;" Harry Hoffman, Phoenix Indemnity, presented a talk on "Latest Casualty News;" E. H. Fikes, farm department, Home, explained the farm program under the title "Let's Be Ourselves;" Geo. L. Hampton, Jr., Phoenix, of Hartford group, initiated in this zone an innovation with "true" and "false" questions and answers which proved interesting, entertaining and enlightening.

Mr. Fikes told his audience how not to solicit farm insurance. "Never quote a rate," he admonished, "unless you want to lose your prospect." The non-stock competitor is expected to offer an enticing lower rate, but, Mr. Fikes added, "the stock company solicitor must go to the farm, inspect the risk, measure it for the assured's needs and then quote the net cost."

A slashing hail storm swept over half a dozen of the 14 counties comprising Zone 4 a few days prior to this meeting and kept a score or more agents from attending.

Mellor Named New Head of Kentucky Blue Goose

The Kentucky Blue Goose at its annual meeting at Mammoth Cave, advanced Marshall Mellor, Home, to most loyal gander, succeeding R. L. Meeks, Fidelity & Guaranty Fire. I. J. Holmgren, St. Paul F. & M., became supervisor; George B. Akin, Royal Exchange, custodian; F. B. Nelson, guardian; John Hommes, Kentucky Actuarial Bureau, keeper, and E. C. Hill, Aetna Fire, re-elected welder.

The Blue Goose formed a new fun-makers club, the Daisy Club. J. V. Bowman, Fire Association, is most gorgeous Shasta daisy; G. H. Parker, Kentucky Actuarial Bureau, chief collector of daisies; D. C. Vandiver, most intimate daisy; Cad P. Thurman, America Fore, distributor of the pollen; A. T. Coates, Rhode Island, collector of the pollen,

and W. E. Clark, chief puller of the petals.

The Kentucky Fire Prevention Association advanced George B. Akin from vice-president to president, succeeding L. E. Driscoll, Norwich Union. F. D. MacPherson, New Hampshire, was named vice-president and A. E. Parsons, Tokio, re-elected secretary.

The Kentucky Fire Underwriters Association heard an address by George A. Snider of Cincinnati on "Financing Insurance Premiums."

Dakota Field Men Elect T. P. Davis and F. A. Nelson

ALEXANDRIA, MINN. — Officers were elected by the North Dakota field men's organizations at the annual meetings here. Trimble P. Davis, Phoenix of Hartford, heads the North Dakota Underwriters Association, A. K. Bolton, National of Hartford, is vice-president, and H. A. Paulson, North America, secretary. H. A. Presler and A. C. Bruns-vold were appointed for a two-year term on the executive committee.

The Fire Prevention Association elected: President, F. A. Nelson, Norwich Union Fire; vice-presidents, C. H. Christensen, Great American, and R. W. Swanson, America Fore; secretary, M. T. Hower, Royal-Liverpool group.

The Blue Goose at its summer meeting decided to hold its winter annual meeting at Aberdeen. Sports and entertainment featured the program. The Dakota pond also went on record as supporting Louis L. Law of the Minnesota pond for a place on the grand nest at the coming convention in Cincinnati.

Collins Quits Automobile

Maurice Collins, for some years Kentucky state agent of the Automobile of Hartford, has left that organization to become special agent for Snyder Brothers General Agency of Louisville. He succeeds Tully Hopkins, who resigned to become an official of a newly formed company.

H. M. Failing of Indianapolis, Indiana state agent, will also look after Kentucky for the Automobile, assisted by H. E. Timmons, Louisville, as special agent.

Chesapeake Blue Goose Elects

At the annual meeting of Chesapeake Blue Goose in Baltimore, Harry Hazelhurst, Jr., Royal, Washington, D. C., was elected most loyal gander; E. Stuart Windsor, Homestead, Baltimore, supervisor; Robert W. Martin, America Fore,

custodian; R. C. Klepart, guardian, and K. Z. Robbins, welder. Tribute was paid to H. Y. Chatterley, Hanover Fire, who died some time ago.

Michigan Pond Stages 33rd Annual Conclave

The Michigan pond of the Blue Goose held its 33rd annual and initiation meeting Wednesday at Belvidere Hotel, Charlevoix. The annual meeting was held in the afternoon, the banquet in the evening.

Appearing on the program were A. J. Knaak, state agent Connecticut Fire; W. T. Benallack, secretary Michigan F. & M.; H. L. Shearer, assistant secretary Detroit Board of Commerce; R. W. Reading, mayor of Detroit, and Robert Bridge, mayor of Charlevoix.

Thursday will be devoted to activities of the Michigan Bureau field club, Michigan Fire Prevention Association and the Michigan Fire Underwriters Association.

Wisconsin Meetings Next Week

Wisconsin field men will gather at Delavan Lake next week for their annual meetings. The activities will begin Tuesday night with the annual meeting and initiation of the Wisconsin Blue Goose. Irven Frey, Firemen's of Newark, most loyal gander, will be in charge.

The Wisconsin Fire Underwriters Association and the Wisconsin Insurance Club will hold their annual meetings the mornings of June 28-29, and will join in the sports program Wednesday afternoon and the social event that night. D. W. Swanson, St. Paul Fire & Marine, is president of the W. F. U. A. and C. P. Hall, Standard of New Jersey, is president of the Bureau insurance club.

Illinois Bureau field men will also hold their meeting there at the same time.

Washington Blue Goose Elects

The new official lineup of the Washington Blue Goose includes: Most loyal gander, R. S. Aitken, Home of New York; supervisor, J. A. Sabiston, Hartford Fire; custodian, W. A. Groce, National Board; guardian, Conrad Roth, Firemen's group; keeper, H. C. Lung, adjuster; welder, R. B. Anderson, National Fire.

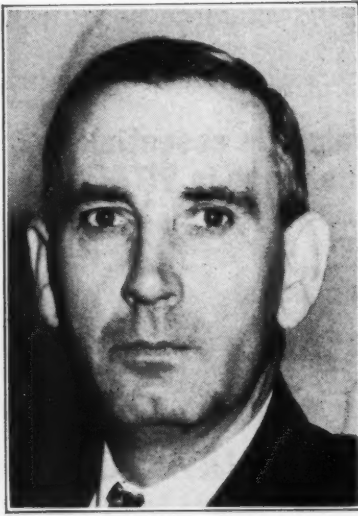
Kansas Committees Selected

G. L. Steeples, Home special agent at Wichita and president of the Kansas Fire Prevention Association, has announced committee chairmen as follows: Executive, C. E. Bleckley, Home;

FUNCTION AT COMMISSIONERS RALLY IN SAN FRANCISCO



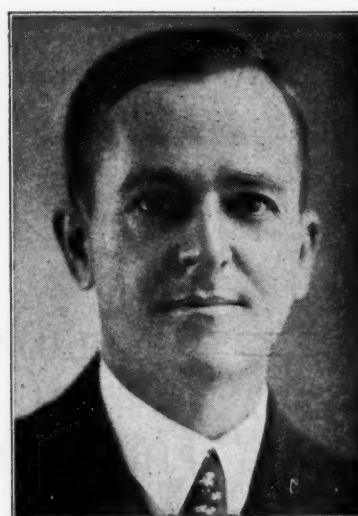
FRANK N. JULIAN



RAY B. LUCAS



REX B. GOODCELL



JESS G. READ

At the annual meeting of the National Association of Insurance Commissioners which is under way in San

Francisco this week, Frank N. Julian of Alabama is presiding at his final meeting as president.

One of the two formal addresses of the meeting is being given by Ray B. Lucas, the new Missouri insurance su-

perintendent. Rex B. Goodcell is the host commissioner, and Jess G. Read, Oklahoma, perennial secretary, is busy.

speakers, G. L. Hampton, Phoenix of Hartford; conference, O. D. Butcher, Hartford; Inter-Chamber, V. B. Steenrod, North America, for affiliated towns, and C. E. Stiehl, Law Union & Rock for non-affiliated towns.

Carson Succeeds C. V. Nipp in Indiana as State Agent

E. P. Carson, special agent America Fore, has been promoted to state agent and will supervise Indiana for American Eagle and Continental. He succeeds the late Carl V. Nipp, with whom he was associated since 1925. Mr. Carson went at that time from the Indiana Inspection Bureau.

His assistants are W. E. Machett and D. A. Goss, special agents, who joined the group in 1929 and 1938, respectively. Mr. Machett will be Mr. Carson's first assistant.

A. J. Mueller has been appointed special agent to round out the field organization in Indiana. He went with America Fore in 1937, going from the Michigan Inspection Bureau at Detroit.

The state agency headquarters after June 26 will be located at 7 North Meridian street, Indianapolis.

Tribute to Frederick Ackerman

Next Monday a dinner and outing of the New Jersey Field Club will be held at Nutley, N. J., as a tribute to Frederick Ackerman, who after 39 years of service with the National Union Fire as state agent is retiring from the active ranks.

Illinois Field Meeting

Final plans are being made by the Illinois Fire Underwriters Association for its annual meeting at the Golfmore Hotel, Grand Beach, Mich., Thursday and Friday. R. H. Gregg, Crum & Forster, is president, and will preside over the deliberations. The vice-president, Henry O'Loughlin, Phoenix of Hartford, will undoubtedly be advanced to the presidency. The only candidate so far mentioned for the vice-presidency is D. M. Vance of Bloomington, state agent Royal-L. & L. & G.

H. G. Patterson Has Resigned

H. G. Patterson, who has been the field man for the Pacific National Fire in Wisconsin, Minnesota, North and South Dakota, has resigned. He has had a wide experience in fire insurance and engineering service, having traveled also in Michigan, Ohio, Indiana, Kansas, Oklahoma, Iowa and Nebraska.

Simoneaux Louisiana Pond Head

Jules Simoneaux of the Steckler agency, New Orleans, has been named most loyal gander of the Louisiana Blue Goose.

Cleveland Puddle Elects

CLEVELAND—New Blue Goose Western Reserve puddle officers are H. J. Kirkham, Scottish Union, big toad; O. F. Gibbs, Atlas, pollywog; J. L. Magenheimer, North British & Mercantile, croaker, and T. B. Gernerchak, Western Adjustment, bouncer. B. D. Bonar, Phoenix of England, Akron, was awarded the golf trophy.

CHICAGO

BROKERS CRUISE TO MILWAUKEE

The 26 Club, Chicago brokers organization, is making its annual cruise to Milwaukee on the City of Grand Rapids on June 29. They will visit the Schlitz, Pabst and Blatz breweries. Thomas W. Howard, Ideal Agency, is in charge.

BROKERS FIGHT "RACKETEERS"

The Insurance Brokers Association of Illinois is embarking upon a program of cooperation with States Attorney

Courtney to combat political insurance racketeers. Following a special meeting of the directors, the following statement was issued:

"City, county and state officials who secure insurance and surety business by virtue of their political influence or who through collusion cause business to be given to political henchman or other favorites as a political reward to the detriment of the regular full-time insurance broker, will in the future be concerned with the opinion of the public on this procedure. All others who are parties to the scheme will also have explanations to offer which will not be to their liking."

Action of the brokers was occasioned by many instances wherein insurance accounts were lost because political pressure was brought to bear.

HOPKINS VISITS CHICAGO

B. C. Hopkins of Hopkins & Mulock, Des Moines, who also is president of the Iowa Association of Insurance Agents, spent the week end in Chicago, and conferred with some of the western managers.

Thomas B. Leavitt of Akron has been appointed as an auditor in the Ohio insurance department, and Ben D. Worcester of Middletown an examiner.

Illinois Senate Committee Learns About Rate Making

R. M. Cunningham, vice-president of Marsh & McLennan and president of the Chicago Board, was questioned at a hearing in Springfield by the Illinois senate investigating committee the other day for about two hours on various aspects of fire insurance rate making. Just where the inquiry was leading, if anywhere, was uncertain. The committee betrayed no hostility. The original resolution authorizing the investigation referred to alleged "rebates" given by the Chicago Board to preferred customers. Apparently the author of that resolution had in mind not "rebates" in the ordinary sense but rate credits that are given for sprinklers, watch service, superior construction, etc. Perhaps the author had the notion that big concerns had personal influence and were able to get lower rates.

Mr. Cunningham gave a dissertation, in response to questions, on the theory of rate making, the Dean Schedule, etc. Representatives of four large assured were at the hearing, including Sears, Roebuck & Co., Public Service Company of Northern Illinois, Commonwealth Edison, Western United Electric Company.

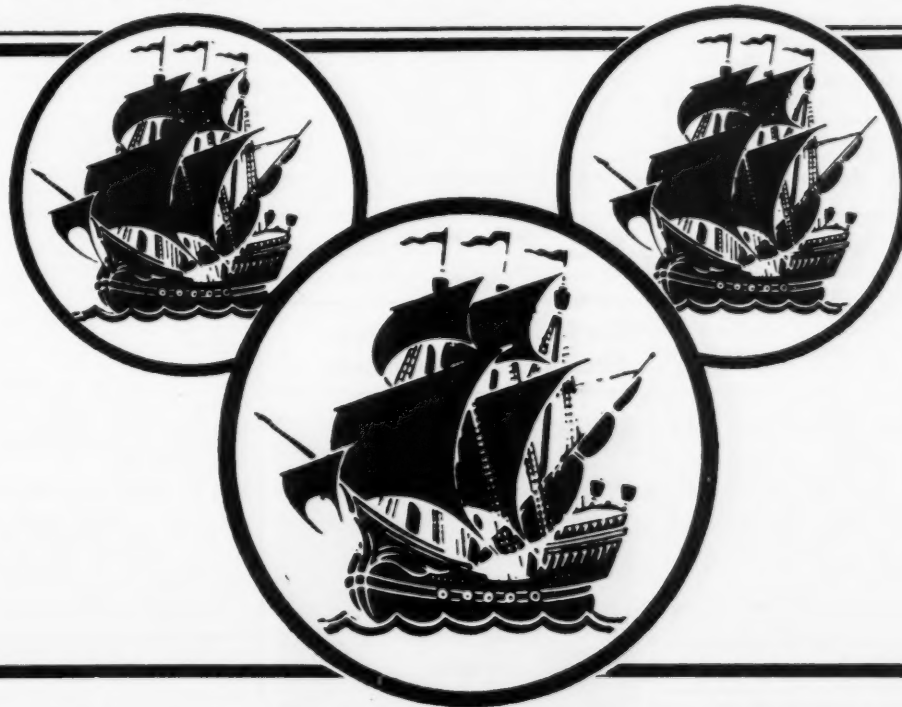
Fire insurance rates that are paid by

various assured were cited and the committee members expressed the notion the variances were not justified. From all indications, this phase of the inquiry will not be productive of any proposed legislation.

Senator Connors, a member of the committee, stated that the committee's work would be worth while if two bills that have grown out of its deliberations are passed. One bill, which has passed the senate, places hospital insurance associations under the jurisdiction of the insurance department. The other defines the personal property floater, for purposes of rate making, as fire insurance. That bill has also passed the senate, much to the dismay of those marine company executives who initiated the setting up of the Illinois Householders Personal Property Floater Rating Bureau that became operative June 1 for the regulation of the writing of the personal property floater in Illinois. If the bill defining the personal property floater as fire insurance should pass, presumably it would require the IHPPFRB to be abolished, because the insurance code prohibits a company from belonging to more than one rating bureau that promulgates rates for the same property.

Park Grier, Deep River, Ia., has purchased the agency of E. W. Elliott.

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1724 Carew Tower

Philadelphia, Pa.
525 Chestnut Street

New York, N. Y.
80 John Street

San Francisco
200 Bush Street

Examination Issue Chief Topic

(CONTINUED FROM PAGE 1)

and President H. J. Grant of the Church of Latter Day Saints.

The Salt Lake arrangements had been perfected by Mr. Neslen and the insurance committee of the Salt Lake chamber of commerce of which the chairman is O. Lyle Hiner, Mutual Benefit Health & Accident. Chairman of the reception committee was G. J. Cannon, executive vice-president Beneficial Life. Chairman of the luncheon committee was W. B. Furman, Prudential; transportation, F. E. Walker, Mutual Benefit H. & A.; finance, Fred J. Wagstaff, Mutual Life of New York, retiring president of the Salt Lake City Underwriters Association.

Spencer Gives the Greeting

At the luncheon a word of greeting was spoken by John D. Spencer, New York Life, chairman of the program committee. He is a member of the famous Deans Club of Salt Lake City, composed of veteran life insurance workers.

Commissioner Neslen was garbed in the uniform of chaplain of the National Guard, which is in encampment this week. He introduced John M. Wallace as the "next to the best mayor this city has ever had." Mr. Wallace was seated next to Mr. Neslen, who is a former mayor of Salt Lake. Mayor Wallace urged the commissioners to hold their 1940 convention in Salt Lake.

Mr. Neslen made pleasant reference to the fact that Mrs. H. P. Dunham, wife of the vice-president of American Surety, was having a birthday. Mr. Neslen expressed regret that Governor Blood could not be present.

Heber Grant, at the age of 82, a robust speaker, made a humorous talk that won the crowd. Mr. Neslen introduced the chairmen of the various local committees that arranged for the day's activities. He introduced former Utah commissioners, John James, now with Occidental Life; John G. McQuarrie, now with Kansas City Life, and E. A. Smith, Jr., now with Pacific Mutual Life in Los Angeles.

Jess G. Read, Oklahoma commissioner and secretary of the National Association of Insurance Commissioners, was introduced and he called upon the commissioners present to take a bow. About 20 were in the room.

Superintendent Pink of New York gave response in behalf of the visitors. He said the vision of the founders of Salt Lake City is what is needed in the country and world today. He commended the relationship of business and spiritual matters in Salt Lake.

Mr. Neslen introduced Commissioner Blackall of Connecticut, making an off-hand remark about "the next president of our organization."

EXAMINATION REPORT

Jess G. Read of Oklahoma, chairman of the examination committee, made a report reviewing the convention examinations conducted under the convention zone plan from last December to May, 1939, inclusive. During the six months period, 22 states called convention examinations in which 34 states participated. The number of examinations has increased each year since the establishment of the present convention system in June, 1936. Illinois again leads in number of calls for convention examinations. Chairman Reed stated that the zone plan is far better and more satisfactory to the majority of the states than the former desultory method used prior to January, 1937. He finds that the cost is held down through this plan in contradistinction to the individual state examinations. The abuses today, he said, are small when compared with those made by individual states.

The chairman recommended that the zone plan in some form be maintained and when a convention examination is called notice be given at least 30 days in advance of the date when it is started. During the last year, he said, some examinations were called to begin within 10 days and on one occasion seven days. This, he said, is not sufficient time. Furthermore, the chairman recommended that on all committee examinations the chief examiner of the domiciliary state be in full charge, that he direct the procedure and outline the work, that he establish the number of employment hours during the day and he report the shortcomings of any examiner to the offending commissioner's office.

Recommendations Made

Illinois called nine convention examinations. Connecticut had four, Indiana five, Missouri four, Texas four, Washington five.

Regarding the New York department Ohio, South Dakota and New York participated in the American Surety examination; New York, Georgia, Arkansas and North Dakota in the National Surety; California, Iowa, Alabama and New York in Globe Indemnity; Nebraska, Indiana, Michigan, Louisiana and New York in the Commercial Union group; Virginia, Kentucky, Texas, Utah and New York in the Continental and Fidelity-Phenix Fire.

Secretary Read gave his financial report showing balance a year ago of \$2,250.82, total receipts including balance of \$5,915.57. The outlay was \$3,641.37, leaving a balance of \$2,742.20.

Whether the commissioners will approach the question of auto casualty rates is a question that all casualty people are asking. The general opinion seems to be that the association will not get into the subject.

The committee on auto finance business may make a report. There is some

Credit Men's Insurance Group Reelects Officers



D. C. CAMPBELL

At the annual meeting in Grand Rapids of the National Association of Credit Men, D. C. Campbell, America Fore, Chicago, was reelected chairman of the insurance group; G. H. McClure, Kemper group, secretary-treasurer, and the following were renamed vice-chairmen: Raymond L. Ellis, Fireman's Fund; T. Alfred Fleming, National Board; J. Dillard Hall, U. S. F. & G.; and H. J. Lowry, Michigan Mutual Liability.

sentiment in favor of presenting the recommendation that commissions paid for finance business not exceed the commissions paid for regular agency business.

The executive committee of the commissioners as revised to date is composed of: Pink, New York, chairman; Lovejoy, Maine; Moor, District of Columbia; Gough, New Jersey; Williams, Mississippi; Holmes, Montana; Goodcell, California.

JULIAN GIVES REPORT

Uniform examinations of companies is the subject uppermost in the minds of commissioners, Frank N. Julian, Alabama superintendent, said in his report as association president. The majority have gone on record for uniform convention examinations so that the main problem is uniformity and efficiency in examinations in conformity with the laws governing the states in which the company operates, said Mr. Julian. In commenting upon the plan submitted by Superintendent Pink of New York and the reactions of other commissioners, Mr. Julian said that "we should not lose sight of the fact that the commissioners are expressing the viewpoint of their states and we should so far as possible, work out a harmonious plan whereby this vexing question will not in future be the cause of irritation and discussion and in some respects the creating of ill will."

Favor Zone System

Mr. Julian said he is thoroughly convinced that the commissioners favor the zone system in examinations and that they will insist that full compliance with the law of the individual states must be had. It must be admitted that the commissioner of one state is just as honest and fair as the commissioner of another. "The commissioner designating an examiner of his own selection has that right under his state's law, and the suggestions that the examiner's compensation should be regulated by this convention is in effect, saying that the commissioner of the state is not competent to select efficient and trained representatives for his department."

All commissioners should recognize that the authority for employing examiners and fixing the compensation is lodged in the individual state commissioner, Mr. Julian declared. If there are abuses of this system then the home commissioner in charge of such examinations should present the facts to the state affected.

End of Controversy Urged

An end to the controversy was urged by Mr. Julian. Nothing that the convention may do by resolutions can change the state statutes. The use of competent actuarial accountants is not an innovation, he declared. It has been in effect and practice for many years. Practically all states with one exception have made a gesture to adhere to the uniform system and to recognize the zone system as far as possible. Each commissioner believes that his examiner is competent. There is much for and against civil service for examiners, he said.

As a final plea, Mr. Julian hit home with the statement: "Let me say that conditions in eastern fields would seem to emphasize the need for outside states to participate in examinations, for in that section the criticism and attacks on companies and the business of insurance generally are most in evidence."

Many of the problems of the business can be solved by the commissioner urging companies to use all effort for the improvement of public relations and to prescribe rules and regulations for the better selection and employment of competent agents. The selection of agents is a problem ever before the business as insurance is known by its agents in the field, he said.

To establish good will is the best measure for overcoming unfair and unwarranted propaganda, Mr. Julian said.

As a friend of all parties of representation, the commissioner should offer the gospel of better public relations.

It is an appropriate time for the fire and marine committee to submit a report on the many multiple forms that are now being issued by these companies. Consideration should be given excess commissions, pool and association affiliations, automobile finance commissions and brokerage. If uniformity is desired these are subjects that need attention, Mr. Julian declared.

It is highly important that a full report be made on the recent reductions on automobile casualty rates and an effort be made to assert that these are acceptable reductions occasioned by experience or whether they are temporary and made solely for volume. Consideration should also be given to the plan allocating premiums on blanket and other forms of bonds. The convention has never adopted the plan submitted by the surety association and it should either be recommended to the states or rejected, Mr. Julian said.

Progress is Made

Much progress has been made toward protecting the public from unauthorized insurance companies and the postal authorities should be thanked for their cooperation, Mr. Julian said. For the past 12 months the activities of the unauthorized carriers have been revived and special attention to this increased activity was urged by Mr. Julian. Particular attention should be directed to the activities of at least two Illinois casualty companies, an association in Florida and the usual assessment outfits operating in the west. The two Missouri companies that use the mails for solicitation are still operating and Mr. Julian expressed hope that the postal authorities will give attention to this.

NESLEN'S ADDRESS

SAN FRANCISCO — Commissioner C. C. Neslen of Utah, one of the outstanding officials of the country, a man of great prominence in his city and state, spoke before the National Association of Insurance Commissioners on "Insurance and the Mormon Church." He called attention to the fact that the present president of the church is a pioneer in insurance, he being H. J. Grant. He organized a fire company over 40 years ago, which is still a thriving institution. This is the Utah Home Fire. He is also president of the Beneficial Life. A former president of the church, J. R. Clark, Jr., was once ambassador to Mexico. He is a director of the Equitable Life of New York. Several of the quorum of the 12 apostles are insurance company directors. He said that the Mormon church is very friendly to insurance.

There are 25 home companies in Utah including benefit assessment institutions. There are 500,000 people in the state, 80 percent of whom are Mormons.

Commissioner Neslen spoke especially of the Church Welfare Plan. This organization was created by the Mormon church to take care of those in distress. Under the church plan, temporary help is given. No cash value is placed on service. A man is paid according to his needs. A man with dependents is given what he and his family require. The primary purpose is to set up insofar as possible a system in which idleness will be done away with, the evils of the dole abolished and individual thrift and self-respect established among the people. In other words, the aim of the Mormon church is to help the people to help themselves.

Remunerative work must be provided. Projects must be conceived and developed. Funds must be raised and an orderly system of distributing work to unemployed must be devised. The church is so organized that through channels and principles already in use the entire plan may be carried on. The church is divided into more than 100 geographical areas known as "stakes." Each is subdivided into similar geo-

graphical units known as "wards." Each ward is supervised by a bishop who is responsible to the president of the "stake" in which his ward is located. Within each ward may be found certain organizations to carry on its functions. The church welfare program is operated through these established quorums. A method has been made to place as many as possible of the employable members of needy families in already established industry. Then after that it was the aim to develop work projects on which to employ all those who had not been so placed. The projects are supervised by competent construction engineers.

Commissioner Neslen said that the church feels that all its members who are able should work for that which they receive; that they should not in idleness accept doles from any source. During 1938 more than 56,000 members received assistance from the various welfare agencies. They have expended in cash \$1,827,000.

Illinois Insurance Probe Commission Proposed

SPRINGFIELD, ILL.—Five Illinois senators on the insurance investigating committee have introduced a bill for creation of a legislative commission of five house and five senate members to investigate insurance rates.

The bill also provides for a \$1,000 appropriation for the commission, which would be empowered to investigate various phases of insurance rates and report back to a subsequent special or regular session of the general assembly with recommendations for insurance legislation.

"Weekly Underwriter" Men Are Far Afield

L. A. Mack, president of the "Weekly Underwriter," Mrs. Mack and their daughter, and Editor Charles F. Howell and Mrs. Howell accompanied the insurance commissioners' special train from New York to San Francisco this week. The Macks will take a short vacation trip following the meeting. Mr. and Mrs. Howell will go to Los Angeles where Mr. Howell will remain for three weeks and Mrs. Howell a couple of weeks more. They will visit Mrs. Howell's sister. These two officials are celebrating the success of their remarkable 80th anniversary edition that was published a few weeks ago.

Aetna Fire Folks Honored

TRAVERSE CITY, MICH.—Headed by the Matthews Agency, E. C. Matthews at Harbor Springs, Mich., and Paul L. Achenbach, agent at Petoskey, will give their annual outing for Aetna Fire's western department heads. This will be the seventh annual outing of this kind given by Mr. Matthews. The guests will arrive Friday and stay for the week end. There will be fishing and golfing. Some will bring their wives. The guests will be W. N. Achenbach, western manager Aetna Fire; W. G. Bayliss, assistant manager; F. C. McDiarmid, automobile superintendent; A. B. Moe, marine superintendent; G. R. Livingston, state agent; Emmer Whitehorn, special agent; Russ E. West, western manager Century Indemnity.

Mr. Matthews is general agent for the Century Indemnity.

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Smrha Protests FHA Activity

LINCOLN, NEB.—In a letter forwarded to Nathan Straus, head of the United States Housing Authority, Insurance Director Smrha vigorously protests the proposed action of the authority in going over the heads of local fire insurance agents and insuring property which it proposes erecting with one or more companies offering favorable rates.

Pointing out that the Nebraska law and the statutes of other states make certain requirements that insurance companies accepting risks within the state must comply with, which includes negotiating by local agents and their counter-signatures, Mr. Smrha says he is reluctant to believe that an instrumentality of the government would want to avail itself of a service which is not available to that public. He adds that no government instrumentality should take any steps to circumvent those laws by which the general public is governed. He says:

Harmful to General Public

"It is our belief that the proposed plan, if it is seriously contemplated to carry it into effect, would be harmful to the general public in tending to destroy a system which has proven to be efficient and economical. It is also our belief that any step taken by the housing authority which would tend to circumvent, and in effect annul laws passed by states governing the business of insurance within their boundaries, would breed and encourage an act, the effect of which would be to disrespect and disregard all laws designed for the protection of the public. An instrumentality of the government should seek no advantage which is not accorded to the individual citizen, nor should it foster nor promote any movement which would tend to destroy an established institution which has established its worth as has the agency system by which the business of insurance has rendered such valuable service to the people of this country."

Incompatible with Practice

Mr. Smrha says the plan is incompatible with long established practices by which insurance is effected, evolved out of years of experience, and that if the practice proposed by the housing authority becomes a general practice there would be no need of an agency system.

Ludlow Acts as Host

HARTFORD—About 50 underwriters, officials of marine companies, were guests of Reinsurance Agent Samuel Ludlow, Jr., at his annual luncheon and golf tournament at the Wampanoag Country Club Tuesday.

LEGISLATION

Illinois—Two bills passed by the senate were referred to the house. One filed by Senator Keane clarifies and revises the agents, brokers and company representatives licensing and the other filed by Senator Connors provides that when protected property is destroyed by fire the full amount of the policies covering it must be paid. The Keane measure changes the March 1 termination date for licenses to Feb. 28 for brokers and company service representatives, May 31 for life agents, Sept. 30 for casualty agents, and Dec. 31 for fire agents.

Massachusetts—A bill which would allow mutual fire and casualty companies to issue non-assessable policies, once reported "leave to withdraw" and then recalled by the committee on insurance and reported back with an 8 to 7 favorable report, has been advanced to a third reading by the house.

Paramount Fire to Answer Charges

Tennessee Commissioner Claims There Has Been Violation of Law

NASHVILLE, TENN.—Paramount Fire of New York, represented in Tennessee by E. E. Murrey, president of the First Mortgage Co., Nashville, and vice-president and treasurer of the proposed Paramount organization, together with J. C. Schmitt, state agent of the Home of New York, and a Mr. Young, identified as a salesman for a Nashville stock brokerage firm, have been cited by the Tennessee department of insurance on possible charges of irregular activities. On the request of Mr. Murrey, representing those cited, a public hearing will be held on July 5. Commissioner McCormack is attending the meeting of the National Association of Insurance Commissioners at San Francisco.

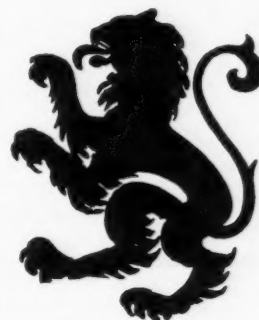
Mr. Murrey issued a statement in which he denied any irregular activities. He stated that under a permit issued by

the blue sky division of the Tennessee insurance department, J. C. Bradford & Co. of Nashville, as stock brokers, had appointed his son to sell stock in the Paramount Fire. He said, in part: "My son contacted seven or eight people and sold each of them." He announced that a permit had been granted in New York state, but that application for a Tennessee permit had not yet been contemplated.

Mr. Murrey stated that J. C. Bradford & Co. are brokers. No other operations or activities in behalf of the Paramount in Tennessee, he said, have been authorized. There will be no attempts made, he declared, to push the Paramount organization until it has been authorized.

REASON FOR THE ACTION

SAN FRANCISCO—Commissioner McCormack of Tennessee in commenting on the citation of the Paramount Fire people for alleged violation of the law states that it is true that Mr. Murrey was authorized to sell stock in the Paramount Fire under the Tennessee blue sky law. The commissioner charges that in selling stock Mr. Murrey undertook to make arrangements for planting Paramount in agencies and since the company has not been licensed under the insurance laws a violation was committed, in his opinion.



ORDERED LIBERTY

Freedom is not a privilege
-- It is a right and every
right carries responsibility--let us, agents and companies together respect the
responsibility of the freedom
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that it may be maintained

Will Wrightem
(Field Correspondent)



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EDITORIAL COMMENT

General Agents and Local Agents

THE AMERICAN ASSOCIATION OF INSURANCE GENERAL AGENTS, whose membership comprises those writing fire insurance and allied lines, will hold its annual meeting in San Francisco, June 26-28. Very fortunately this organization has been able to adopt eligibility rules that make its members simon pure general agents. That is, a general agent in this organization is not permitted to write local business. He is purely a supervisor and administrative officer. He does not come in conflict with his own agents. His entire thought is devoted to handling the sales of the agents of his organization. Therefore, he does not receive higher commission on any local

business that his organization controls.

Happy indeed it would be if the casualty and surety companies had a similar situation with which to deal with their "general agents." The term "general agent" from a casualty and surety standpoint means an office that is receiving higher commissions on its own business than paid to producers largely without any effort at supervising or handling the business of others. Therefore, a "general agent" in casualty and surety lines means nothing especially from a supervisory standpoint. This situation makes it very difficult in establishing rules regarding "general agents" as distinguished from producers.

Progressive Step Forward

The new INSURANCE CREDIT SURVEY PLAN outlined before the NATIONAL ASSOCIATION OF CREDIT MEN by L. E. FALLS, vice-president AMERICAN OF NEWARK, is a progressive step in offering the widespread facilities of the local agency system to American business.

The suggested program is advantageous to everyone involved. It is estimated that 40 percent of the mercantile risks are at present underinsured, and, as W. C. DANIELS, AMERICA FORE, CHICAGO, pointed out in his talk to the association, credit men are really in the insurance business, although they are not receiving any premiums to offset their losses of over \$250,000,000 a year. Both buyer and seller suffer from this huge loss from under-insurance.

To the local agent the new plan offers both widespread opportunity and responsibility. It gives the able agent the prestige

he rightfully deserves and provides him with an unlimited opportunity to develop his insurance service. The closer tie-up of insurance with credit gives greater weight to the agent's recommendations to his client. However, as an insurance-credit analyst under the plan the agent must have an adequate knowledge of the business to justify the responsibility thus created.

It is estimated that fire premiums (not including use and occupancy) can be increased \$67,000,000 if the new plan is perfected. The possible increase in casualty premiums is even greater.

Mr. FALLS and his associates who conceived this broader credit-insurance relationship are to be commended because they not only initiated a program which will render greater public service but they are utilizing the existing facilities offered by the American agency system.

Proper Training of Employees

MORE and more, executives, local agencies and those that are employers in insurance are giving greater attention to the building of proper man and woman power. Too much has been taken for granted, both in employing people in an organization and next in their training. Most of us have been guilty of unwise procedure in building an effective staff. We have not been sufficiently discriminating and selective in the employment of people. An office needs a boy, a clerk and stenographer. In many cases the employment work has been assigned to someone down the line, who does not possess the gift of appraising human values. Then when a person gets

started in an office he or she is left pretty much alone without proper training. We often hear of office people being mediocre, indifferent, not interested in what they are doing and not enjoying their work. They do not advance because they show but few elements of growth.

This is largely due to lack of contact with the people higher up. Employees weaken because of this very need of human contact and interest in themselves on part of employers.

We are acquainted, for instance, with one fire insurance office where the manager calls in a group or employees individually from time to time, asks them

about their work, inquires about their ambitions, takes up with them any complaints he has heard, gives them fatherly advice, suggestions and an inspirational talk. All the employees look to this man as a great teacher. They are enthusiastic over their work, they are being schooled along proper lines and the result is that an office force of intelligent, loyal hardworking people has been developed.

We are too prone to neglect this office training and allow employees to drift along without much encouragement or help. Naturally they become indifferent. There is nothing like a stimulating word of good cheer and some suggestions as to how one may better his position. It is something that puts greater zest into the every day work and creates new and greater interest in it.

PERSONAL SIDE OF THE BUSINESS

H. F. Ellen, United States manager Yorkshire, has completed a six weeks' trip to the Pacific Coast in the course of which he visited as well a number of centers in the middle west and south-west.

David S. Junker, elder son of Harold Junker, vice-president of the Crum & Forster companies, was graduated from Princeton University. He plans to enter Harvard law school in the fall.

Miss Elizabeth Middleton, daughter of Elliott Middleton, secretary of the Sun, was graduated from Dana Hall last week, and as an honor student will be privileged to enter the Connecticut College for Women in the fall without examination. Elliott Middleton, Jr., is headed for Yale when he completes his preliminary schooling several years hence.

L. E. Gilbert, son of vice-president A. E. Gilbert of Hanover, has graduated from Dartmouth College. He intends to engage in the advertising line with special reference to insurance.

Fred J. Summer, president of the Summer Agency, 2145 East 83rd street, Chicago, is at Presbyterian Hospital in that city undergoing a major operation. Mr. Summer formerly traveled for the Employers Fire in Illinois.

Fred W. Sullivan, vice-president of the Firemen's group in San Francisco, is spending a two weeks vacation in and about Chicago, where he formerly resided. President John A. Cooney is in San Francisco attending the commissioners' convention.

R. E. Vernor, Western Actuarial Bureau, past president of the Rotary Club of Chicago and past district governor for northern Illinois (147th district) presided Wednesday as chairman of a vocational service assembly for clubs of more than 100 members each, at the Rotary International convention at Cleveland, where some 10,000 Rotarians from all over the world are in attendance.

Andrew A. Cooper of Rome, Ga., immediate past president of the Georgia Association of Insurance Agents and well known in the state, was present last week at Princeton, N. J., celebrating his 25th class reunion at Princeton University. He was attired in the regalia of the class of 1914 and as such he was a credit to his business and the state.

Martin Mullally of Muskegon, president of the Michigan Association of Insurance Agents, who appears to like things in pairs, now has a brace of boys. A son was born June 15 to Mrs. Mullally. They have another boy 3 years old. The state association head has had two terms at the organization's helm,

also two terms as head of Muskegon's Century Club, and two terms as a director of the Snowwhite Baking Company of Muskegon.

Ray S. Bates is acting superintendent of insurance of Ohio in the absence of Superintendent John A. Lloyd and several other members of his staff, who have gone to San Francisco to attend the annual meeting of the National Association of Insurance Commissioners.

Apparently recovered from his recent illness, Charles D. Wadsworth, former Iowa state agent of Springfield Fire & Marine, is visiting friends in Des Moines. He retired from the Iowa field a year and a half ago and is now living in Kansas City, but may move to Cleveland.

P. P. Glover, assistant secretary of the Sun of London and Patriotic at the New York head office, has rounded out 49 years continuous service with the organization. His connection with the Sun began in 1890 under the late J. J. Guile, then United States manager, continuing under the administration of P. T. Kelsey and O. Tregaskis, the present manager. Starting as a clerk in the loss department in 1890 Mr. Glover has been a junior official as well as chief accountant of the associated companies for a number of years.

Miss Helen Codere, daughter of President C. F. Codere, St. Paul Fire & Marine, was graduated summa cum laude from University of Minnesota in the largest class ever graduated from that institution, 2,373. She also won high scholastic honors at Wellesley, where she took her freshman work. At the end of her junior year at Minnesota Miss Codere was elected to Phi Beta Kappa. She will return to the university in the fall for graduate work in anthropology.

Grant Bulkley, vice-president Springfield F. & M. at the head office, who has been on a trip through Canada and the Pacific Coast, stopped enroute home at the western department in Chicago where he was an official until he was recently transferred to the home office.

Ben Hill Garrett was born last week to Mr. and Mrs. T. W. Garrett, Jr., at Kansas City, Mo. Mr. Garrett operates the T. W. Garrett, Jr., general agency, which is entering Wyoming and Colorado, with a service office at Denver.

William Childs, local agent at Cheboygan, Mich., is back at his office after a six weeks illness. Mr. Childs' agency is the oldest in Cheboygan, the original agency having started 64 years ago. The



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Home of New York was the first company in the office and still is represented. S. G. Schley is associated with Mr. Childs.

H. D. Baker, veteran Wichita agent who recently retired as collector of internal revenue for the Kansas district, is seriously ill at his home in Wichita.

B. F. Lutz, Milwaukee, Wisconsin state agent London & Lancashire, is in a Milwaukee hospital convalescing from a recent operation.

DEATHS

William Schaefer, widely known in New York metropolitan fire circles, died at his home in Brooklyn. A son, W. H. Schaefer, is head of agency in Brooklyn, with which his father had been identified for a number of years. In 1928 the elder Mr. Schaefer was vice-president and underwriting manager of Empire Fire of Brooklyn. Earlier he had been metropolitan manager for London Assurance, and before that assistant in the local department of Continental.

George W. Bone, 59, head of the Boston agency of Freeman & Lawrence, died suddenly while attending a Masonic meeting at his home in Lexington, Mass.

Charles S. Waring, 84, president of the Fall River Manufacturers Mutual until 1927, died in Fall River, Mass.

Joseph P. McDermott of the Boston general agency of Patterson, Wyld & Windeler, in the insurance business in Boston for 35 years, died at his home in Randolph. He started with J. Paulding Meade as a clerk and later was general agent of the American Fidelity in California, where he remained only a short time.

Charles Seyler, 61, head of Seyler-Day Co., one of the largest and oldest agencies in Los Angeles, dropped dead in his office shortly before noon Tues-

day. He had been in the insurance business for 36 years, and practically all the time represented the National Surety as well as other companies.

J. P. Cooper, Enid, Okla., special agent of the Rain & Hail Insurance Bureau of Chicago, died Friday following an automobile accident in which he was involved at Waynoka, Okla., the day before. He had been with the bureau since 1920. He was formerly a hail adjuster for the Western Adjust-

Herbert J. Ullmann, one of Chicago's earliest insurance brokers, died in his home at River Forest at the age of 83.

Mr. Ullmann was born in Racine, and entered the insurance business in Chicago as solicitor in 1873 for Dan M. Bowmar. In 1874 he became a clerk for A. G. Van Schaick. A year later he became a member of the firm of Bowmar & Ullmann. From 1876 to 1885 he was an insurance broker.

In 1885 he became a member of the firm of O. W. Barrett and on Mr. Barrett's death became associated with R. A. Waller & Co. Upon Mr. Waller's death he and Henry Marsh formed the firm of Marsh, Ullmann & Co. He retired in 1907. The firm then became Marsh & McLennan.

One son, J. W. Ullmann, is a broker in Critchell, Miller, Whitney & Barbour, Chicago. His brother, Albert I., now deceased, was formerly in an executive position with Phoenix of Hartford in Chicago.

Lewis Knuth, 76, for more than 50 years a local agent, died at Wrightstown, Wis.

E. J. Miller, president of the Miller Land Company, Ida Grove, Ia., died suddenly. The agency is being operated temporarily by his widow, Mrs. E. N. Miller.

Mrs. Mary Pittelkow, 80, widow of the founder of the Charles Pittelkow & Son agency, Milwaukee; mother of Robert J., present head of the agency, and grandmother of Robert C., the third generation in the same agency, died at her home in Milwaukee.

Goodcell Removed as Commissioner

(CONTINUED FROM PAGE 1)

day of the session. Under the California law an appointee holds office until a successor is appointed and confirmed.

The situation was embarrassing not only to Mr. Goodcell but to all of the Californians who have been pointing eagerly for the convention. The visitors took the situation in good grace, but the hosts were chagrined that the convention should be affected by the turn of the local political wheel. The commissioner's brother, Fred Goodcell, has been sending out the convention publicity.

The eastern group had a jolly time on the cross country trek. It was a house party on rails. But they were ready for baths, dinner and a stationary night's rest when they arrived in San Francisco about 7:30 p. m. Tuesday, three hours behind schedule. They had to wait a while longer, however, for those satisfactions and their nerves got somewhat on edge because the baggage was delayed an hour in getting across the bay. The crowd had to stand on the dock that time and when the baggage did arrive there was a great scramble. It was not until after 10 that the last of the party got registered in the hotel.

Difficulties of the Greeters

The San Francisco receptionists had a difficult time Tuesday, as the arrival time of the special was uncertain. After waiting for several hours most of the greeters gave up or else went to the hotel instead of keeping vigil at the dock. Before the arrival of the special, 350 had already registered for the convention, that number, of course, including the local people. Surprisingly little convention talk was heard aboard the special until just a few hours out of San Francisco. Until then the entire attention was on the scenery and sociability reigned.

Interest was manifested in the choice of the next convention city. Memphis, Biloxi and New Orleans are presenting invitations. Considerable sentiment exists in favor of Biloxi and the question arises whether if the meeting is held there it should be the December or the summer convention.

Company Examinations

The question of company examinations is on every one's tongue, but if any committee can succeed in reconciling the many theories that exist and compose a program that all hands will espouse it will be a miracle. It is unlikely, however, that the question will produce an eruption. It is being debated today with animation but without the bitterness that has surrounded it for the past year or so.

The new crop of commissioners has made a most favorable impression. Some excellent talent is available in such men as Emery of Michigan, Gontrum of Maryland, Lucas of Missouri, Fischer of Iowa, Kavanaugh of Colorado, to name only a few. These newcomers will get their bearings at this convention and be ready for service in a few months.

Tuesday afternoon the local casualty people gave a party at the Claremont Country Club for C. W. Fairchild, William Leslie, J. M. Haines and Martin Lewis.

Kilgour Assistant Manager

John J. Kilgour has been appointed assistant manager in Toronto for the American of Newark, Fire Association and Security of New Haven.

Robert S. Day & Son, Vancouver, have been appointed provincial general agents of the London-Canada of Toronto.

The **North America** has declared a semi-annual dividend of \$1 a share, payable July 15 to holders of record June 30.



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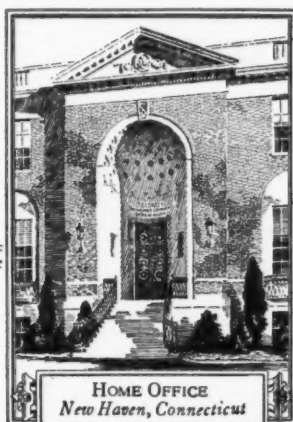
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The NATIONAL UNDERWRITER

June 22, 1939

CASUALTY AND SURETY SECTION

Page Seventeen

Failure to Protect Public May Lead to Federal Control

Superintendent Lucas Stresses Guardianship Functions in Talk

SAN FRANCISCO—Failure to faithfully protect the public by proper administration of state insurance laws may lead to federal supervision, Superintendent Lucas of Missouri declared in stressing the importance of the insurance commissioner's functions as public guardian before the National Association of Insurance Commissioners here. The insurance commissioner occupies the greatest administrative position in the state and the manner in which he performs his duties affects more people and involves more money in investments than the activities of any other state official, Judge Lucas said.

Certain groups are charging that state supervision is lacking in proper administration of insurance, Judge Lucas said. Federal supervision has already been applied to many businesses that formerly answered to state controlled bodies as a result of improper state administration.

Criticism Sometimes Unjust

At times state laws are inadequate to afford the commissioner the authority to properly correct the wrongs committed by a company or its agents and the commissioner is criticised for something beyond his control. However, in such a case the commissioner should turn to his legislature for some remedial statute at the earliest opportunity.

The establishment and enforcement of sufficient rates by all companies is absolutely essential, Judge Lucas declared. The regulatory power granted to the insurance commissioner by practically every state permits him to enforce proper and adequate rates and thereby guarantee to the policy its supposed value. The issuance of policies at inadequate rates is a blot upon the supervision of insurance in too many states. People who can least afford to lose the value of a policy are the victims of this injustice.

Comments on Missouri Situation

While inadequate rates should not be sanctioned, yet excessive rates should not be tolerated, Judge Lucas said in referring to the rate situation in his state as an example. "This question has not been honestly approached and naturally no satisfactory solution of it has been reached. Proper supervision would have determined rates adequate for the solvency of the company and also reasonable for the assured. No company is entitled to exact rates in amounts that will permit it to allocate huge sums of money to agents to be

(CONTINUED ON PAGE 23)

O'Connor Reviews A. & H. Association's Progress

NEW YORK—The progress made by the National Accident & Health Association in the first decade of its existence was reviewed by E. H. O'Connor, assistant secretary Bankers Indemnity, in his presidential address at the opening session of the association's 10th anniversary meeting here. While it was born in the first year of the depression, it has grown in membership and achieved national recognition, in spite of subsequent adverse business conditions.

There were 300 at the opening session and a total attendance of 800 is expected.

Mr. O'Connor declared that a national association is needed because the business of accident and health insurance today, insofar as sales are concerned, is beyond the control or direction of any one local group. Legislation inimical to the business is too large a problem for any group less than one of national scope. He said that the amount of legislation introduced this year made it necessary to give much thought and attention to the situation and resulted in the appointment of a public relations committee. Fortunately most of the legislation died in committees "and what appeared to be a threat to our business in general evaporated in thin air." For the protection of its interests in years to come he stated that plans are afoot for the association to work with the public relations committee of the Health & Accident Underwriters Conference.

Keep Abreast of Changes

With the prospects for improvement in general business conditions he added that new income will be born and others will be increased, "thereby creating greater opportunities for the development and sale of our business. It behooves us through the medium of our association to keep abreast of the changing buyer and consumer problem, to be ever alert to proper merchandising so that we will never be found wanting insofar as our social and economic status to the general public is concerned."

He reviewed the growth of the various local associations, stating that Chicago has the largest membership, followed by Columbus and San Francisco. He said it is hoped to have a new local in Newark before the end of the year. Considerable interest has been evidenced by groups in North Carolina, North Dakota and Dallas, Tex., which he termed prospective local association points for development during the coming fiscal year.

Cornett Outlines Program

Speaking on "Our Association and Why," W. B. Cornett, Loyal Protective Life, Columbus, O., suggested that the National association should set as its goal for the coming year a local association in every city of more than 100,000 population and a state association in states having two or more locals.

"Should we be satisfied when we have only 18 locals and two state associations, whereas we could have more than 100 locals and 25 state associations?" he asked. "We must believe 100 percent in any undertaking before the first step is taken. There's enough power within us if properly directed to accomplish any

reasonable aim. I do not believe there is any one here who would say that a local association in every city of more than 100,000 is an unreasonable aim."

Mr. Cornett outlined the best procedure for organizing new local associations. The first thing is to locate two or three of the key accident and health men, sell them on the importance of having a local in the city and give them a definite outline of the proper procedure. When first approached, they are likely to say that it is not possible to bring the city's health and accident men together because of their attitude toward one another, but if they can be persuaded to try it they will find an unexpected spirit of cooperation.

Suggestions for Activities

In addition to the new organization work, Mr. Cornett made these suggestions for association activities: Endeavor to build more public opinion toward the accident and health business; watch closely all legislation bearing on the business; work out a plan better to educate the agent; set up a standard for qualification; eliminate unfit agents; bring about the closer cooperation of agents and companies; select new agents carefully; emphasize the importance of writing quality business; stress the importance of the agency system; educate the public against buying from unlicensed companies; develop leadership material within the membership; develop cooperation between local and state associations; cultivate a greater spirit of fellowship among members.

Sales Courses Urged

Taking up the question of educational activities, E. Hauschild, assistant secretary Continental Casualty, New York City, urged that sales courses be conducted by the local clubs or associations.

"Our immediate problem is not so much how to acquire knowledge (since we already have it) as it is how to present that knowledge to others whom we wish to see succeed," he said. "In other words: What can you and I do along educational lines that will prove to be of value, a stimulus to greater production and lead to a better understanding of the problems and difficulties that daily confront us?"

"It is a sad commentary on our business as a whole that education must be acquired through the school of experience. There is no organized plan of education available in book form, although some companies and publishing houses have done much to assemble special and useful material. Our own organization, through the auspices of the local clubs, has done much to popularize the accident and health business and along with that has fostered educational activities which have proven their worth."

New York Efforts Successful

"One very effective method employed for mass education used successfully by clubs throughout the country is the planned sales course. I cannot say enough in its favor. Here in New York we have had much success with such courses and they seem to become more popular with each succeeding year, which

(CONTINUED ON LAST PAGE)

Program for A.B.A. Insurance Section Is Prepared

Chairman Kristeller Announces Activities at San Francisco Annual Meeting

The program for the annual meeting of the insurance law section of the American Bar Association at San Francisco July 10-12, was announced by L. P. Kristeller of Newark, the chairman. Sessions will be in the Veterans building.

There will be a general meeting the first afternoon with address of welcome by F. V. Keesling, West Coast Life, and response by Mr. Kristeller; an address by Commissioner Rex B. Goodcell and committee reports.

Eight round table conferences will be held the next day and the annual dinner with floor show that evening. Election of officers will come the third afternoon. The program is:

Monday, July 10, 2 p. m.

Address of welcome, Francis V. Keesling, West Coast Life, San Francisco.

Response, L. P. Kristeller, chairman. Address, Rex B. Goodcell, insurance commissioner of California.

Report, Secretary Howard C. Spencer, Rochester, N. Y.

Appointment of nominating committee. Report of committee chairman:

Membership, George J. Cooper, Detroit. Fraternal insurance law, A. W. Fulton, Chicago.

Qualification and regulation of insurance companies, E. W. Patterson, New York.

Lay insurance adjusters, E. S. Gambrell, Atlanta.

Prospective legislation, Philip Sterling, Philadelphia.

Unauthorized insurance companies, H. S. Moser, Chicago.

Taxation of insurance companies, E. M. Griggs, National Board, Chicago.

Discussion of committee reports. Address, "Insurance Horse-Sense vs. Economic Non-Sense," A. M. Best, New York.

Address, "Aviation and Insurance Law," W. R. McKelvy, Skeel, McKelvy, Henke, Evenson & Uhlmann, Seattle.

Tuesday, July 11, 10:30 a. m.

ROUND TABLE CONFERENCES

Round Table I

Marine and Inland Marine Insurance Law; R. E. Hall, Hartford, chairman.

"The New York Insurance Law and Its Revision," A. G. Thacher of Barry, Wainwright, Thacher & Symmers, New York.

Discussion. "Northwestern National Insurance Company of Milwaukee vs. Harry J. Mortensen, as Commissioner of Insurance," by Luther F. Binkley of Ekern & Meyers, Chicago.

Discussion.

Round Table II

Workmen's Compensation and Employers' Liability Insurance Law, T. N. Bart-

(CONTINUED ON PAGE 23)

May Contest Order to Cut Auto Rates

National Casualty Bureau Expected to File Appeal in Oklahoma

OKLAHOMA CITY — Representatives of the National Bureau of Casualty & Surety Underwriters are expected to file appeal with the Oklahoma supreme court from the rate reduction on private passenger automobiles recently ordered by the Oklahoma insurance board. The bureau's challenge, it is said, will be directed against the board's authority to fix rates without experience filing from companies. The Oklahoma reduction is mandatory, the rate setup in this state not being optional with companies.

The board ordered reduction of the rate to 20 percent below manual on cars driven for pleasure only and to and from business, including farmers and clergymen, and 25 percent off on cars driven for pleasure only and to and from business, provided they are not operated more than 7,500 miles a year. The action was made effective June 1, retroactive to March 1. The reduction is comparable to that made by bureau companies in other states.

Time Extension Is Denied

Oklahoma law gives the insurance board authority to supervise rates and determine their adequacy. The National Bureau issued a call for Oklahoma experience returnable June 15, but found 45 days would be required to compile the data and determine an adequate rate setup that could be presented to the board. The board declined to grant time for this investigation, contending that the lower rate scale existed in the neighboring states, and ordered immediate filing of the lower rate schedule. The companies have until June 27 to file appeal.

VIRGINIA REVISION IS APPROVED

The Virginia corporation commission approved a proposed revision of rules 10 and 15 of the automobile casualty manual with respect to the definition of commercial automobiles and suspension of coverage insurance, with the exception that revised rule 10 is not applicable to fleet risks, and if the policy expires during the period of suspension the insured shall be entitled to the pro rata return premium only in case the policy is renewed.

VIEW BUREAU AUTO RATE ACTION

DEL MONTE, CAL.—Ways and means of meeting the automobile rate and coverage situation precipitated by the National Bureau of Casualty & Surety Underwriters' reductions and coverage extensions, were the principal topic of discussion at the meeting of the West Coast Automobile Conference here. The non-bureau companies comprising the conference have been discussing the problem and expected to bring about uniform practices among their own group as a result of the meeting.

NO ENTHUSIASM ON AUTO RESULTS

ST. PAUL—Nearly a month has passed since the reduced automobile rates went into effect in Minnesota and insurance men who have appraised the results are not particularly enthusiastic over them. Aside from considerable switching of companies there has been no great change in the situation, according to agents who have studied the matter. Little new business has been written on uninsured motorists and many well posted agents do not look for any large volume from this source this year at least.

There is little doubt, however, that bureau companies have increased their business in Minnesota at the expense of some of the non-bureau and mutual

Double Decker Plan for J. E. Callender

A testimonial dinner will be given next Tuesday evening at the Chicago Athletic Club in Chicago in honor of J. E. Callender, manager of the Ocean Accident and Columbia Casualty, who is retiring from business at the end of the month. The function is sponsored by the Illinois Insurance Federation of which Mr. Callender was one of the founders and its first president. He has always been one of the stalwarts in this organization.

Ordinarily in an affair of this kind one master of ceremonies is really more than sufficient. The committee, however, felt that this was an extraordinary function and hence there will be a double plated and double decked set of toastmasters who will officiate, they being C. H. Burras, president of Joyce & Co., and C. M. Cartwright of THE NATIONAL UNDERWRITER. At this particular time there is great controversy as to which of the toastmasters take precedence and which one rules through right of seniority.

H. N. Douglass, manager New Amsterdam Casualty and president of the federation, will start the proceedings after the dinner and attempt to get the two toastmasters in action. The committee on arrangements consist of Mr. Douglass as chairman; W. Herbert Stewart, W. H. Hansmann, E. I. Fiery, M. A. Meyers of the Insurance Brokers Association, and H. E. Reeves of Joyce & Co.

Free Advertising of Motor Club OK'd by City

SPRINGFIELD, ILL. — Overriding protests of the Insurance Agents Association of Springfield, the city street department authorized the traffic engineer to proceed with negotiations with the Chicago Motor Club for installation of 700 stop street signs. The agents had protested the name of the club on each sign constituted advertising and was detrimental to their business, as the signs indirectly advertised the motor club.

The street department took the position, however, that for the city to get \$3,000 worth of the signs for nothing in exchange for the exclusive right of the club to use its name, was a bargain that couldn't be ignored.

Leslie Explains Rate Action

SAN FRANCISCO—How the National Bureau of Casualty & Surety Underwriters came to develop the new rate structure for automobile liability, was explained by William Leslie, general manager, to about 200 casualty company executives and underwriters at a banquet sponsored by the Casualty Underwriters Club here. Mr. Leslie, a native of California, found several old school and college mates in the audience, including Rollo E. Fay, now manager Pacific Coast branch of the bureau, and Daniel W. Burbank, casualty attorney.

Pa. Requirements for Truckers

HARRISBURG, PA.—The public utility commission will not issue a certificate of public convenience to a trucker until the applicant has filed with the commission evidence that he carries property damage and public liability insurance, and cargo insurance when needed.

Leslie Confers in Seattle

SEATTLE—William Leslie, general manager National Bureau of Casualty & Surety Underwriters, accompanied by Rollo Fay, San Francisco, Pacific Coast manager, spent three days in Seattle giving consideration to the Washington rate situation.

companies, although there is no way of checking this definitely.

LEGISLATION

Commission Bill Up for Passage in Ill. House

It seems likely that house bill 1087 introduced by Representatives Topping of Kankakee and Boyle of Chicago will come up for a vote this week at the Illinois legislature. This is the bill that prohibits casualty and surety companies from combining to enforce a uniform commission schedule. It is the only insurance bill originating in the house that is on third reading or passage stage. This bill undoubtedly was an outgrowth of the effort of the casualty and surety acquisition cost conferences to bring about uniformity in Chicago so far as commissions were concerned. If it passes, the bill will then go to the senate. Manager C. W. Fairchild of the Association of Casualty & Surety Executives was in Chicago last week interviewing leaders on this bill.

California—The compulsory health insurance bill, which has been before the legislature for months, was killed in the house. It was one of Governor Olson's pet measures. A \$60,000 fund was provided to inaugurate the plan.

Kansas—The new automobile financial responsibility and drivers' license laws become effective July 1.

Aetna Casualty's Plans for New York Building

Architectural details of the new building which the Aetna Casualty & Surety Co. will erect at 151 William street, New York City, are announced. It will contain seven stories and will be erected at a cost of more than \$1,000,000. In design, it will be simple, modern and functional.

All of the latest developments in the building field will be used. A maximum amount of light in the working areas will be obtained through the use of glass brick. Being partly vacuum, this brick will act as an insulator against heat and cold and at the same time transmit an excellent diffused light further back into the office than would clear glass.

Glass brick will comprise practically all of the wall area of the new building with the exception of the necessary spaces for structural members such as columns, floor spandrels and heating risers and returns. Casement windows will be installed in each of the large glass brick panels.

The building is so designed that two additional floors may be added later. It will be of steel frame-work and fireproof construction. The exterior, where glass brick is not used, will be faced with Rockwood stone. Sound absorbing ceilings will be used.

Containing about 120,000 square feet of floor area, the building will house the down-town New York offices of the Aetna Casualty & Surety, Standard Fire and the Automobile of Hartford. The R. H. Keffer Agency of the Aetna Life will also have offices in the new building. The Aetna Life's uptown New York offices at 60 East 42nd street, in charge of General Agent K. A. Luther, will remain at the same location, as will the 42nd street branch of the other Aetna Life affiliated companies.

Combined Robbery and Fidelity Policy Is Up

NEW YORK — Suggestions as to the preparation of a combined robbery and fidelity policy applicable to mercantile risks are being received by a committee of the burglary department of the National Bureau, which has had the matter in hand for several weeks. As soon as the committee has prepared what it believes an acceptable contract, it will be passed to the Surety Association of America for its review.

Ohio Department Is Asking Experience

Wants Three-Year Record on Automobile Liability and Property Damage

COLUMBUS, O.—The Ohio department Monday sent out a call for automobile casualty experience in the state, as the first step in an attempted rate stabilization program. Superintendent Lloyd caused four interests in the business to hold a series of conferences and, it is understood, they have agreed upon a system of deviations. The National Bureau of Casualty & Surety Underwriters will promulgate rates and the non-bureau people will deviate within an agreed area. The automobile anti-discrimination bill and the auto rate investigation measure died with adjournment of the legislature.

The experience called for is on personal liability and property damage for 1936, 1937 and 1938.

North American Accident Holds Midwestern Parley

Over 125 attended the three day mid-western conference of the North American Accident in Des Moines. George Manzelmann, vice-president, presided. E. H. McFarland, Detroit, discussed the agency contract; T. E. Truett, the stimulating benefits derived from conferences; and Willis Eagleson, Des Moines, branch office manager.

F. G. Callender, deputy Iowa commissioner, opened the second business session with a discussion on the relationship of the insurance department to agents and companies. C. W. Cameron, Oklahoma City, told "How We Do It In Oklahoma," Herbert D. Short, Champaign, Ill., spoke on the producing general agent, while M. E. Noblet, Indianapolis, explained "Dollar-Unit Selling." W. R. Kupersmith, St. Louis, discussed "Positive or Negative" and W. H. Robertson, Oklahoma City, covered "Ten-At-A-Time Selling."

Sports featured the leisure periods.

Wall Now Heads Commission

TALLAHASSEE, FLA. — Wendell C. Heaton, chairman of the Florida industrial commission, administrative department of the Florida compensation law, is out. Governor Fred Cone announced Saturday he had accepted a resignation filed by Heaton some time ago, undated and to be accepted at the will of the governor. Heaton said he did not sign the resignation, but if his retirement is necessary to harmony he will step down. Heaton was eight years consecutively president of the state federation of labor, is honorary president for life and chairman of the federation public relations committee. While, under the law, the insurance department fixes rates and conditions of the underwriting, the executive direction and control lies with the commission, of which Heaton has been head since the law was adopted in 1935 and became effective July 1, 1935. Harold C. Wall, recently chairman of the unemployment compensation department, and an insurance agent at Starke, was named to succeed Heaton.

Accident & Health Mutual Formed

The Maryland Indemnity, a mutual recently organized to write health and accident and hospitalization insurance, has no relationship to Maryland Casualty of Baltimore. It was formerly known as the Physicians & Dentists Health Association, a fraternal company organized in 1935 under the laws of Delaware. Thomas T. Joyce, who was the main factor in organization of Maryland Indemnity, formerly had a company in Florida.

O. L. & T. Rate Study Explained by Acker

National Bureau Man Gives Address Before Risk Research Institute

NEW YORK—An illuminating talk as to the methods employed by the National Bureau of Casualty & Surety Underwriters in the preparation of rates for the various divisions of casualty insurance under its jurisdiction, was given by Milton Acker, manager of the compensation and liability department, before the Risk Research Institute at its June meeting. Touching specifically on O. L. & T. coverage, Mr. Acker stated that before issuing the revised rates effective May 15, the experience of approximately 6,000,000 risks was analyzed, the general classification being broken down into 86 divisions. These in turn were separated as to regional locations in an effort to charge each risk its proper rate as nearly as possible.

While J. G. Goetz, managing director of the Risk Research Institute—an organization composed of large buyers of insurance—and possibly one or two other members of the body were fairly well posted as to the magnitude of the task confronting the National Bureau in a nation-wide study of rates, the members generally had no such knowledge, and were amazed at the nature and character of the problems involved, as broadly reviewed by Mr. Acker.

The prevailing thought at the conclusion of his talk was that if the information he gave could be brought to the attention of assured generally, the public attitude toward underwriting institutions would be very favorably influenced.

Upholds Verdict Against Hospital

RICHMOND, VA.—A private hospital is responsible to a patient for negligent acts of its internes and nurses, the Virginia supreme court of appeals held in affirming a \$13,000 award to Mrs. Xenophine Curry made by a jury in a suit against the Stuart Circle Hospital Corporation of Richmond.

In affirming judgment the appellate court said: "Upon principle and reason we are of the opinion that a private hospital operated for profit and holding itself out to the public to furnish its patients medical treatment, nursing service and attention is responsible to a patient for negligent acts of internes and nurses, employed by it and acting under its supervision and control, in the performance of their routine duties."

All-Risk Policy Is Free of Complications

Armstrong Crawford, in commenting on the new all-risk blanket public liability policy which was recently issued by Great Lakes Casualty, of which he is president, asserts that this comprehensive form of coverage possesses no complications insofar as the underwriting premium calculation is concerned. No intricate calculations are required to combine into one policy all forms of unrestricted public liability coverage, he states.

Great Lakes Casualty offers in one comprehensive contract all-risk blanket public liability insurance. "All risk," Mr. Crawford defines as the sum total of the coverages of all the "old-fashioned" standard policies, minus their exclusions, but plus additional coverage for those new rare and unusual losses on which heretofore there has never been a policy contract drawn. "Blanket" means country-wide coverage, he states. The policy automatically provides protection for every business activity and every contingency arising therefrom.

Each submission, he states, is individually analyzed. The risk is underwritten at the time the policy is issued and not after the loss has occurred.

Mr. Crawford observed that there is no mortality table for public liability claims. The damages awarded for any given loss vary according to the state in which the loss occurs. Accordingly, detailed information is necessary to gauge and clarify the extent of the exposure. The information is secured from a special questionnaire, supplemented by an engineering survey and inspection report as the case requires.

The premium is based on the exposure. It is individually computed and the cost is not excessive. The policy may be issued either on the basis of a flat premium per year with no audits or a deposit premium subject to audit or with a combination of both plans.

The objective is to supply buyers with adequate protection, adjusting the method of premium payments to a plan applicable to the risk, Mr. Crawford states.

Study Revisions of Chicago Plan

NEW YORK—When the fidelity and surety acquisition cost conference meets Friday consideration will be given to some suggested minor changes in the rules recently adopted for Cook County, Ill. Review is being made of the qualifications of applicants for the post of arbitrator for both the casualty and the surety conferences in Chicago.

Multi-Split Experience Rate Plan for Compensation

A new proposal in the National Council on Compensation Insurance embodying a "multi-split" experience rating plan which is believed to have some advantages over the present rating plan in that it is less complex and difficult to understand, was reported to the annual meeting of the National Association of Insurance Commissioners at San Francisco by Clarence W. Hobbs, special representative of the commissioners.

The plan would lay somewhat more stress on accident frequency and less on accident severity than the present plan, he said. It is far simpler to apply, as much of the details now falling on the rating bureau is accomplished in preparation of the table. Extensive, elaborate tests that have been made indicate results will average very close to results under the present plan.

Present Plan Has Weakness

The present experience rating plan originally was adopted in 1923, Mr. Hobbs said, and has proved reasonably satisfactory. One distinct weakness, he said, is using a single limit of risks to which the plan is available, for all states. There is some reason for using, say, a \$500 limit for high benefit states, \$300 limit for low benefit states and \$400 limit for intermediate states.

A recurrent complaint about present experience rating is that it is not responsive, it fails to follow the trend of experience. In some degree, Mr. Hobbs said, this is well founded. Cases arise in which the risk may have a loss experience less than permissible and yet receive an experience debit, a phenomenon difficult to explain to the satisfaction of an assured. Again, he said, the credibility assigned to a risk's own experience cuts down the effect of a favorable loss experience; only a very large risk gets the full benefit of its favorable experience. In smaller risks, the credibility factor cuts the benefits, and the smaller the risk, the greater the cut.

Another Objection Is Cited

A third cause of complaint is the use of average values for death and permanent total cases instead of the actual cost, which inevitably results in some cases, where experience contains a low cost debt or permanent total case, in a favorable loss ratio resulting in an experience debit. Ordinarily, Mr. Hobbs said, it is not satisfactory to point out to the assured that in a case where he had a high cost death or permanent to-

tal case the use of the average value would have helped him as much or more.

A fourth cause of complaint comes from the use of the experience which begins six years prior to the effective date of the policy being rated and then the year prior thereto. Objections turn chiefly on two points: Failure to use any experience of a policy which is terminating, and the fact that once the experience gets into the experience period it stays there for five full years, thus burdening the assured for each year with bad experience and reducing the incentive to improve the risk, because of the slowness with which the assured realizes the benefit of good experience. The present system of weighting experience remedies this in part but not completely.

Some Favor Three-year Period

There is not a little sentiment in favor of reducing the experience period to three years, Mr. Hobbs said. If this is done some of the criticism will be eliminated and the necessity of using weights will cease.

Mr. Hobbs said it can hardly be denied that the present experience rating plan is complex and difficult to comprehend and explain. It entails tabulation of payrolls and losses by policy years and application to experience of several years of modification factors containing the weights, and also elements such as enter into conversion of experience for production of manual rates. It entails, he said, division of indemnity losses from medical, carrying in of death and permanent total losses at average values, trimming down of big indemnity cases to average values, division of losses, both indemnity and medical, to "normal" and "excess"; production of weighted and unweighted subject premium, divided likewise into normal and excess expected losses, and production therefrom of normal and excess expected losses, and computation of credibility factors.

Simplification Would Result

Some simplification would result from reducing the experience period to three years and eliminating the weighting process, he said, but no very substantial simplification can be made without a change in methods. For these reasons the actuarial committee turned to production of a new plan.

The multi-split experience rating plan differs from the old plan in a number of (CONTINUED ON PAGE 31)

SPEAK BEFORE NATIONAL ACCIDENT & HEALTH ASSOCIATION



EDWARD H. O'CONNOR
President National Association



H. A. CUNNINGTON
Aetna Life, Cleveland



EDWARD HAUSCHILD
Continental Casualty, New York



HOWE S. LANDERS
President Commercial Casualty

PROMINENT IN INDEPENDENT ADJUSTERS ANNUAL CONFERENCE



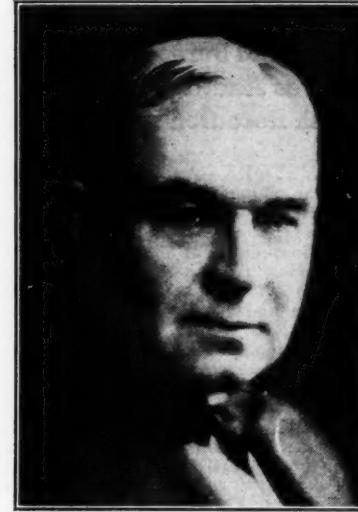
A. M. FOLEY, South Bend, Ind.
President



V. A. NICHOLS, Washington, D. C.
Vice-President



ROSS WHITNEY, Chicago
Vice-President



WILLIAM H. MOORE, Wichita
Secretary

WORKMEN'S COMPENSATION

N. Y. Compensation Record Improved

NEW YORK—The New York department has completed its annual compilation of the workmen's compensation premiums and losses, both for companies of this state and for the country as a whole. The tables show data for the calendar year 1938, and also for the combined period 1914-38. To enable a better understanding of comparative returns, figures of the state fund will be separated from those of stock and non-stock companies, which had not been done hitherto.

The improved loss experience, on which the department predicated the overall reduction of 7 percent for rates in New York state, effective July 1, it was felt, was influenced to a considerable degree by the vigor with which pay-roll manipulators have been checked by the special counsel named by Governor H. H. Lehman, which had a restraining effect on others who might have been tempted to save premiums by preparing fraudulent pay-roll records.

Another factor has been the general improvement in industrial conditions with resultant increased payrolls, and also better observance by industry of safety regulations for employees. What the record for 1939 will be cannot be safely predicted at this time, but based on the experience to date, company officials regard the outlook as very promising.

Vetoes Michigan Measure

Governor Dickinson of Michigan has vetoed the Hammond bill passed by the legislature, which by reason of an eleventh hour amendment would have permitted the state supreme court to review questions of fact in workmen's compensation cases and reverse decisions of the labor and industry department if the weight of evidence indicated the commission was in error.

Under the rule established since the compensation act was passed, the court was bound to affirm commission decisions as to facts if there was any evidence whatever supporting the findings, the jurisdiction of the tribunal being confined thus almost exclusively to questions of law. Despite the fact that the supreme court pointed out that its hands were tied to correct an apparent

mistake on part of the commission, the governor disapproved the act largely on the ground that a huge additional volume of work would be thrown onto the court and that delays and expense incident to appeals would work a hardship on injured workmen.

Goan Heads Wisconsin Bureau

MILWAUKEE—At the annual meeting of the governing committee of the Wisconsin Compensation Rating & Inspection Bureau, Lloyd Goan, Bankers Indemnity, succeeded Otto Gaedke, Maryland Casualty, as chairman. American Mutual Liability and Maryland Casualty were elected to the governing committee and Employers Mutual Liability and Travelers to the rating committee.

In his annual report, General Manager George Haydon reviewed the year's work, including the development of the permanent rate-making program.

Colorado O. K.'s Retrospective

DENVER—The Colorado industrial commission has approved the retrospective rating plan for compensation insurance, effective July 1. Colorado is the 31st state to approve the retrospective plan.

Standard Accident Offers Two New Hospital Policies

Standard Accident is now offering two individual hospital expense policies, one covering sickness only and the other accident and sickness. Both are bureau forms. They may be written only in connection with commercial coverage.

Daily hospital benefits may be purchased in amounts ranging from \$4 to \$8 daily with a limit of 70 days. Additional funds are available to assured for certain special hospital fees. Nurses fees may be added by rider, and a comprehensive schedule of surgical benefits is allowed. If the assured is confined in the hospital and has not had an operation performed, he may collect the attending doctor's fees, not exceeding one visit a day or \$3 per call.

The policies are available to men and women between the ages of 18 and 53 inclusive (renewable to 60th birthday).

Annual picnic and outing of the Indianapolis Adjusters Association will be held June 26 at the country estate of Clarence T. Merrill.

State Farm Auto Meets Rebuff in Wisconsin Circles

MADISON, WIS.—Much interest is taken by insurance men in the effort of the State Farm Mutual Automobile of Bloomington, Ill., to get a license in Wisconsin. The legal firm of Ekern & Meyers of Chicago and Madison are attorneys for the company and are very much interested in it. H. L. Ekern of the firm had much to do in organizing the company. Mr. Ekern, who is a former insurance commissioner, and H. J. Mortensen, present commissioner, are both friends. Mr. Mortensen's term expires at midnight, June 30 and he would be glad to license the company but Circuit Judge Hoppmann, who has issued a restraining order, evidently desires to postpone any action until a successor is appointed. Former Commissioner Freedy denied a license in 1927.

The company collects a \$15 membership fee from policyholders to cover company expense but puts up no premium reserve against this. The Wisconsin statute declares that all payments by policyholders must be treated as premiums and protected by premium reserve. The policy fee issue is now a vital one in Minnesota where Commissioner Yetka is attempting to collect a premium tax on it.

Mr. Ekern renewed the application for a license in April and Commissioner Mortensen ordered an examination. Before the commissioner could act W. J. B. Aberg, counsel for the State Farm Mutual of Madison, Wis., applied to the court to restrain the commissioner from issuing a license. The injunction is based on the plea that the Bloomington company has no right to be licensed in this state inasmuch as it has a name which is almost identical with the Madison company.

Further complications arose when Commissioner Mortensen advanced the thought because of his familiarity with the case he should rule on the license. Judge Hoppmann refused to change the original return date. Commissioner Mortensen is attending the insurance commissioners convention at San Francisco but stated he would hurry back in time to spend June 30 in his office. He can dispose of the application for a license if the court barriers are lifted.

Zurich Meetings on Coast

Zurich is holding a regional educational meeting for agents in San Francisco June 26-27 and in Los Angeles

June 29-30. These meetings will be duplications of the "Selevision Council" that was successfully conducted in Pittsburgh, Detroit and Chicago. In the fall, the management intends to stage conferences on the same pattern in the east. At these meetings a number of novel features were introduced with use of radio broadcast technique, moving pictures and slides. The San Francisco and Los Angeles meetings will be conducted by H. H. Fuller, deputy U. S. manager; E. J. Savage, superintendent of agents; E. A. Poole, advertising counsel; W. C. Eaton, head of the underwriting department, and William Twine of the safety engineering department.

Greene Goes to Head Office

In line with a policy of giving greater representation in the underwriting of its business to the actual production forces in the field, C. F. Greene, formerly manager of its Detroit branch office, has been called to the home office of the New Amsterdam Casualty to join the underwriting staff. Mr. Greene has had many years experience, originally as an accident and health specialist, then as associate manager at Indianapolis and finally as manager at Detroit for the New Amsterdam Casualty.

Find Conflict in New Law

LINCOLN, NEB.—A newly enacted bill provides that all assessment associations that possess reserves of the same size required of mutual companies may write closed contracts which limit assessments to one year in addition to the premium payment. It applies primarily to the Mutual Benefit Health & Accident. However, failure to amend another section makes it almost impossible to reconcile the two provisions. An unamended section permits assessment associations to limit the liability of insured members, but says that "every bylaw must contain a provision for pro-rating losses." A mutual cannot pro-rate losses and the Nebraska department's problem is to reconcile the two sections when companies from states that do not have the pro-rate clauses seek to enter Nebraska.

Reed Goes to Louisville

LOUISVILLE—R. L. Reed has been appointed manager of the Maryland Casualty's new service office here which will be under the supervision of A. W. Douthat, resident manager at Cincinnati. Guy W. Adkinson continues as general agent for the company. Mr. Reed has been with the Maryland Casualty 10 years and was formerly stationed at Charlotte.

CHANGES IN CASUALTY FIELD

Bituminous Casualty Opens the Carolinas

The Bituminous Casualty of Rock Island is opening a new branch office in Charlotte, N. C. Qualification forms were approved by the insurance departments of both North and South Carolina and development of an agency plant in each state already has been instituted.

Two of the company's experienced men, Don J. Kelleher and J. P. Spillman, will headquarter in the new office in the Johnston building. Mr. Kelleher moving from Louisville, where he has served as agency superintendent for Kentucky and Virginia, and Mr. Spillman transferring from his position as claim manager in Kansas City, Mo. Mr. Spillman entered the insurance field in 1921 as assistant secretary of the Kentucky workmen's compensation commission and from 1924 to 1929 worked in the Louisville claim division of the Travelers, then joined the Bituminous staff there as assistant office manager. In 1936 he transferred to Kansas City as claim manager.

Mr. Kelleher prior to his duties at Louisville traveled a large portion of Illinois as special agent, having joined the Bituminous force in 1935 after general agency experience in Chicago.

A. Douglas Mennie Resigns

SAN FRANCISCO. — A. Douglas Mennie has resigned as assistant manager and superintendent of the surety department of the Pacific Coast department of the Globe Indemnity. He has been with the Globe for six years and has been associated with its running mate, Royal Indemnity, since 1926. He will announce future plans later.

He is succeeded by Randolph Johnson, for the past nine years with the Globe as manager of San Francisco business in the surety department.

Colburn Named Office Manager

Fred M. Colburn has been appointed office manager of the American Automobile's Chicago branch office by E. D. Loring, resident vice-president. Mr. Colburn has been connected with the office for two years as assistant cashier. Formerly he was personnel supervisor of the W. A. Ross Construction Company of Kansas City, was export manager of a flour mill and had selling experience. He was a member of the 89th division overseas during the world war.

To Open Detroit Branch

The Globe Indemnity will on July 26 open a branch office in the National Bank building, Detroit, with F. K. Kleene as manager. A native of Peoria, Ill., and a graduate of the University of Michigan, Mr. Kleene entered the employ of the Standard Accident at its head office in Detroit in 1930. After four years service in the compensation and liability department, he transferred to the production division in 1934, since when he has been developing business in the Detroit metropolitan area.

Thompson K. C. Manager

L. M. Thompson has resigned as superintendent of the casualty division of the American Surety and New York Casualty in Des Moines to become Kansas City manager of the Home Indemnity. The Kansas City branch supervises Iowa, Kansas, Nebraska and western Missouri.

Humphrey Is Claim Head

Jack B. Humphrey of Toronto, who has been with the American Automobile for some years, has been appointed head of the claims department at the head office in St. Louis.

Assistant Managers Appointed

Three casualty field assistants have been promoted by the Travelers. K. W.

Coleman, Detroit, was advanced to assistant manager. Fred Gilbert, Jr., casualty field assistant at San Francisco, was promoted to assistant manager there. G. E. Reed, field assistant at Pittsburgh, was promoted as of July 1 to assistant casualty manager at Rochester, N. Y.

Howe Joins Canadian Branch

William J. Howe of Toronto has gone with the Zurich's Canadian branch office at Toronto in the claims department, associated with John Berger, branch manager, and L. R. Freeman, claim manager.

Take on Associated Indemnity

Groninger & Co. of Seattle, have been appointed general agents of Associated Indemnity to write automobile casualty and surety lines. The company succeeds the St. Paul-Mercury Indemnity in the Groninger general agency.

SURETY

Bond Made for Biggest Section of Chicago Subway

Standard Accident is the originating company on the contract bond of Paschen Contractors, Inc., of Chicago in the construction of that section of the Chicago-PWA subway extending from Lake and Wells streets under the river to Hubbard street. Paschen was awarded the contract on a bid of \$3,189,849. The contract bond is in the amount of 50 percent of the contract price. This is the sixth contract to be awarded in connection with the building of the subway. It is the largest contract that has yet been awarded and it is the first one that involves crossing under the river. For that reason and because of the fact that there was a spread of \$500,000 between Paschen's bid and that of the next lowest bidder, the companies scrutinized the risk carefully before committing themselves. However, the bond was 30 percent over-subscribed. There will be about 10 co-sureties.

The brokers are the Omaha Insurance Agency of Omaha and W. W. Durham & Co. of Chicago. Arrangements have not yet been completed for the compensation insurance but London Lloyds has given a commitment on the \$500,000 property damage policy.

The bond covering the first section of the Chicago subway was in the amount of 100 percent of the contract price. The others, however, have been 50 percent bonds.

Seek Los Angeles Schedule Bond

LOS ANGELES—Los Angeles county supervisors, who canceled all individual bonds on county employes, have called for bids for a schedule bond of \$3,000,000 to replace the ones canceled. Bids are to be opened June 26.

Plan California Lecture Series

SAN FRANCISCO — Henry G. Sheehy, president Surety Underwriters Association of northern California, has named a special committee to prepare a fall special lecture course on suretyship and underwriting to be offered to brokers and agents gratis.

Insurance Club Meeting Postponed

The meeting of the Insurance Club of Chicago, which was scheduled for June 28, has been postponed due to the inability of the speaker, Ray Murphy, assistant general manager of the Association of Casualty & Surety Executives, to be present.

Mr. Murphy has been forced to remain in Washington to fight the provisions in the proposed Social Security Act amendments relating to insurance.

Illinois Financial Responsibility

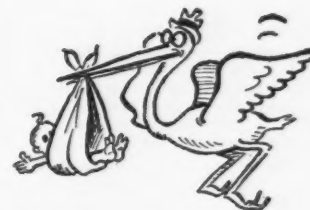
The law is tremendously increasing the number of insured automobiles. If you are not getting your share of this business it may be you need better rates or better service facilities.

For Open Territory write Paul W. Pickering, Secy.

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Automobile and Aircraft
Only Exceptions

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• DETROIT •

ACCIDENT AND HEALTH

Sholl Named as President of Ohio State Association

The Ohio Accident & Health Association, which has established a notable record in the past year in the formation of new local associations in that state, at its annual meeting in Columbus elected C. A. Sholl, Globe Casualty, former president of the Columbus association, as state president, succeeding H. A. Cunningham, Aetna Life, Cleveland.

R. B. Coffman, State Mutual Life, Cleveland; C. L. Gurney, Mutual Benefit Health & Accident, Cincinnati, and C. F. Harroll, Inter-Ocean Casualty, Dayton, were elected vice-presidents; Harold F. Swisher, Mutual Benefit Health & Accident, Columbus, secretary; W. B. Cornett, Loyal Protective Life, Columbus, executive secretary. The executive committee includes C. A. Cunningham, Cleveland; Emerson Davis, Mutual Benefit Health & Accident, Dayton; J. W. Scherr, Jr., Inter-Ocean Casualty, Cincinnati; Homer Bisch, National Casualty, Toledo; Frank C. Holloway, Pacific Mutual Life, Dayton, and W. R. Dignan, W. E. Lord Company, Cincinnati.

The new state officers and the new officers recently elected by the Columbus association, headed by A. D. Hall, Massachusetts Indemnity, as president, were installed at a joint dinner meeting. W. T. Baker of Louisville spoke on "Salesmanship." Russell S. Moore, assistant manager of agencies Midland Mutual Life, was toastmaster.

O'Connor New President of Detroit Association

DETROIT—At the annual meeting of the Detroit Accident & Health Association, Kenneth O'Connor, Macabees, was elected president; H. H. Jones, Commercial Casualty, vice-president; A. M. Caraker, Mutual Benefit Health & Accident, reelected secretary-treasurer; Glenn E. Reitzel, Michigan Life, retiring president, and E. W. Albachten, Pacific Mutual Life, directors.

In a round table discussion, R. H. MacKinnon, Massachusetts Bonding, defined the purpose of the association; E. B. Brink, Mutual Benefit, analyzed its value to the accident and health business; Fred Grainger, Federal Life & Casualty, reviewed outside criticism and suggested methods of overcoming it; Forrest Heath, General Accident, outlined a constructive and instructive program for the coming fall and winter; Roy Long, Great Northern Life, advocated the promotion of new local units with a state association as the objective.

Hundahl Agency Changes

DALLAS—Several changes in the territory of the Dallas branch office of the Mutual Benefit Health & Accident and United Benefit Life, under Ernest Hundahl, have been announced. Charles Herrick returns to New Orleans as district manager, where he started as a salesman. R. C. Carr goes to Lake Charles, La., as manager after nearly 15 years in the Monroe, La., district. O. W. Caudle, who started at Dallas, has been assigned to Monroe. Lewis F. Wakeman, formerly manager in southeastern Oklahoma, has been placed in charge of a newly created district with headquarters at Baton Rouge, La.

Agents Honor D. B. Earhart

Washington National is conducting a gold seal "birthday month" contest in honor of D. B. Earhart, who is vacationing on the Pacific Coast. Mr. Earhart is expected to return on July 17, two days after the birthday month contest closes. During his absence agents since June 15 have made an all-time production record.

Gordon in Los Angeles: Seek 1941 Convention There

LOS ANGELES—Following an address by Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, the Los Angeles Accident & Health Managers Club launched a movement to bring the 1941 convention of the conference to Los Angeles.

Mr. Gordon is optimistic as to the future, although he said some adjustments must be made by companies and agents to meet changing conditions. He said the business is bound to meet with some difficulties as time goes on and that companies, agents and brokers all must adjust their line of action to meet these new conditions. He said that group accident and health, deprecated by some companies and agents, is beneficial to the business, and the more of this there is written, the less will be the demand for government insurance. He said that the hospital associations, when properly conducted, also have their place in the business.

Answering questions, he said the trend among companies is for simplification of policy forms, and that many of them are adopting standard phraseology for their policies. He doubts whether a single policy form for all accident and health insurance is possible. Volunteer medical groups, he said, are forced by certain physicians in the medical associations, and are not advocated by the doctors as a whole.

A eulogy was given of the late A. G. McKinnon, Unity Life & Accident, a former president of the club.

Indianapolis Association Formed: Trone President

The Indianapolis Accident & Health Club has been organized with 27 charter members. D. G. Trone, Indiana Travelers Assurance, was elected president; B. B. Ochs, Loyal Protective Life, vice-president, and W. C. Taylor, Taylor Digest Services, secretary-treasurer. Mr. Trone appointed John McGurk, Mutual Benefit Health & Accident, chairman of the executive committee. Other members of the committee, elected by the club are: C. Norman Green, Hoosier Casualty; E. T. Bonham, Pacific Mutual Life; H. J. Wilson, Massachusetts Bonding, and R. A. Calkins, Massachusetts Indemnity.

The membership committee will consist of Clyde Wands, London Guarantee & Accident, chairman; E. J. Pryor, Monarch Life, and R. A. Calkins. The

club will hold monthly meetings, the next on July 10. Membership will be confined to general agents or managers, special agents, direct reporting or field supervisors, home office officials and accident and health insurance publishers. Soliciting agents, excluded at present, may be admitted at a future date.

Lebby Talks to Life Men

W. E. Lebby, state manager Massachusetts Indemnity, spoke on "Programmed Personal Insurance" at the school for its agents conducted by the Hays & Bradstreet agency of the New England Mutual Life in Los Angeles. He emphasized the importance of disability protection in building a complete life insurance estate.

"When your policyholder becomes disabled, what will become of his life insurance program?" Mr. Lebby asked. "Can you answer this question? He must have income. You can, and should, through disability insurance arrange for monthly income checks sizable enough to cover all fixed expenses. Your policyholders are ten times more apt to become disabled within the next 12 months than they are to die.

"An average man, in savings or life insurance, rarely saves more than one month's income a year. A man disabled for one full year at age 35 with extra expenses, is placed in the financial age of a man of 50. When protected by disability insurance he is placed in the same financial position he was previous to the disability."

Provisions of Hospital Bill

The bill that has passed the Illinois senate to place hospitalization insurance associations under direct control of the insurance department, creates an act known as the Illinois nonprofit service act. The insurance director is directed to approve schedules of subscribers and the corporation must maintain a surplus equivalent to 2 percent of the earned premium until the surplus reaches \$25,000. The association may not disburse in any one year a sum greater than 30 percent of the payments received from subscribers for payment of commissions, sales and expenses of operation. These corporations are to be exempt from all state, county, district, municipal and school district taxes, except for real estate and equipment.

Schad New Head of T. P. A.

William F. Schad, Milwaukee, was elected national president of the Travelers' Protective Association at the annual convention in San Antonio, Tex. The last five months Mr. Schad had served by appointment as national secretary-treasurer since the death of T. S. Logan.

Indiana Agents Meeting Speakers



WELLINGTON POTTER, Rochester, N. Y.



CHRIS ZOERCHER, Tell City, Ind.

He has continued to make his home in Milwaukee, making regular trips to St. Louis headquarters.

He swaps jobs with Ben G. Thompson of Evansville, Ind., former national president, who becomes secretary-treasurer.

Seek Hospital Law Referendum

Petitions are being circulated in Ohio calling for a referendum on the Pollock law, enacted at the recent legislative session of the general assembly just closed, which provides for organization of corporations which may enter into contracts with hospitals to provide hospitalization service, but exempting the corporations from the insurance laws. The law, which was to go into effect July 12, was sponsored by the Cleveland Hospital Service Association.

Cincinnati Group Has Outing

The annual outing of the Cincinnati Accident & Health Association was featured by golf, baseball and boating. G. F. Kirkwood, Jr., Earls-Blain Co., was in charge of reservations; Lewis Cooksey, Hooper-Holmes, of golf, and W. A. Case, Washington National, of games.

In a production contest, the health and accident department of the Coleman & Co. agency, San Antonio, Tex., Elmer J. Edwards, manager, won over the Los Angeles agency of the Provident Life & Accident.

Gene Beville has been appointed accident and health special agent by Coleman & Co., San Antonio general agents Provident Life & Accident.

COMPANIES

Massachusetts Indemnity Examination Report

The Massachusetts department has made an examination of the Massachusetts Indemnity of Boston as of June 30, 1938. The net premiums written for the six months were \$516,042, total income \$528,558. The accident and health premiums were \$153,295 and the non-cancellable accident and health \$362,749. The accident and health losses were \$105,177 and the non-cancellable \$84,691. The disbursements were \$460,172. The assets were \$989,205, premium reserve \$236,114, claim reserve \$154,858, special reserve on non-cancellable \$186,195, capital \$100,000, net surplus \$286,620.

The report says that the reserve for unpaid claims under non-cancellable contracts has been set up on a tabular basis developed by the company for the life income and aggregate policies and on the individual case basis for the short term forms. An inspection employed shows the standards to be very conservative. The reserves were found to be more than adequate. Expenses have been set up on the basis of the three year average cost.

The major part of the business is on policies containing an aggregate limit for each disability. For these policies the company has developed valuation tables using a rate of morbidity of 150 percent of class 3, increasing 2 percent annually after age 45. The report says that this basis appears to be very conservative and should prove fully adequate for future liabilities.

Continental Casualty Gains

The Continental Casualty reports that May brought in the greatest amount of business of any month in its history. This increase comes in spite of rate reductions for automobile, burglary and some of the other lines. The first five months show a substantial gain.

The Peerless Casualty has been licensed in California. W. B. Brandt & Co. of San Francisco are general agents.

Failure to Protect Public May Lead to Federal Control

(CONTINUED FROM PAGE 17)

used in paying politicians to bring forced influence upon public officials in order to justify the coveted rates."

Excessive commissions to agents were condemned by Judge Lucas. "Any form of practice by a company whereby a portion of the premium is improperly diverted, whether it be excessive salaries to officers, bonuses to finance companies, preferment, extra commissions to agents or rebates to large buyers of insurance, etc., should be promptly condemned by the insurance commissioners and the violators severely punished."

Administrative law is advancing rapidly and it is generally recognized by the courts that an administrative body approaches the authority of a legislative body. This development comes from the public demand for quick action and prompt execution.

Commissioner Has Authority

Administrative law has uniformly recognized that the commissioner or administrator is clothed with authority to promulgate regulations and departmental orders in aid of statutory authority in order that the department may enforce the rights which have been delegated to it. Although courts were at first loath to extend this power to administrative bodies, over a period of years they have finally concluded that administrative bodies must of necessity possess the authority to promulgate regulations and to enforce them promptly. Otherwise their usefulness would be destroyed, Judge Lucas said.

The insurance commissioners must see that the reserves of the companies are safely invested and income derived. Departmental regulatory policies must of necessity vary when economic conditions shift. It is the duty of the commissioner to inquire into the investments of the companies and to properly appraise their value. Even though the reserves are invested in securities prescribed by statute, the insurance department has the right to make the companies stay away from investments which are unsound. Many policies become valueless because the reserves behind the policies were not properly supervised by the commissioner charged with the supervision.

The insurance department should be interested in the licensing of agents and brokers. When licenses are granted to persons without regard to previous record, qualifications or training, there are bound to be disappointed claimants and beneficiaries. The purchaser of a policy is entitled to services of a trained agent, Judge Lucas declared. Lack of control over the business of producers is probably the most serious handicap of the insurance department of any state, especially those with large cities.

Program for A.B.A. Insurance Section

(CONTINUED FROM PAGE 17)

lett, Baltimore, chairman.

"Interpretation of Clause 1-B of the Standard Workmen's Compensation Policy," F. H. Durham of Durham & Swanson, Minneapolis.

Discussion led by W. J. Jameson of Johnston, Coleman & Jameson, Billings, Mont.

"Limits to 'In the Course of Employment' where Employees Are Traveling, Being Transported, etc.," F. Britton McConnell, Los Angeles.

Discussion led by R. P. Wisecarver, San Francisco.

"Jurisdiction—When Federal or State Compensation Act Applies," W. N. Mullen, San Francisco.

Discussion led by D. A. Campbell,

referee of the California industrial accident commission.

Round Table III

Health and Accident Insurance Law: V. J. Skutt, Mutual Benefit Health & Accident, Omaha, chairman.

"Trend of Decisions on Accidental Means," Miller Manier of Manier & Crouch, Nashville.

Discussion.

"The Policy Exception, 'Violation of the Law,'" Oliver H. Miller of Miller & Ostrus, Des Moines.

Discussion led by Wilbur E. Benoy, Columbus, O.

Round Table IV

Automobile Insurance Law: Royce G. Rowe, Chicago, chairman.

"The Occasional Commercial Use With Respect to an Automobile Covered for Business and Pleasure and Just What Constitutes Grounds for Denial," L. B. Gallagher, Los Angeles.

Discussion.

"The Relation Between Death Statutes and Automobile Guest Statutes," Lowell White, Denver.

Discussion.

"Coverage Under the Omnibus Clause," Jewel Alexander of Redman, Alexander & Bacon, San Francisco.

Discussion.

Round Table V—2 p. m.

Casualty Insurance Law: Hugh D. Combs, U. S. F. & G., Baltimore, chairman.

"The Liability of Fiduciaries for Negligence in the Operation and Maintenance of Property Belonging to Trusteed Estates," W. S. Fenton of Fenton, Wing & Morse, Rutland, Vt.

Discussion.

"Defense of Insurance Company Litigation Under Reservation of Rights," P. W. McDonald of McDonald & McDonald, Memphis, Tenn.

Discussion.

"Problems of Insurer Where It, or Insured, or Both, Desire to Appeal from Judgment in Excess of Policy Limits," G. P. Hayes of Bendinger, Hayes, Kluwin & Schlosser, Milwaukee.

Discussion.

Round Table VII

Fire Insurance Law, Thomas Watters, Jr., Washington, D. C., chairman.

"The Distinction Between Direct and Indirect or Consequential Losses in Fire Insurance," Neil Cunningham, deputy attorney general of California, San Francisco.

Discussion.

"Variations of the Written Contract of Fire Insurance Arising Out of Verbal Understandings," J. M. Guier of Steptoe & Johnson, Clarksburg, W. Va.

Discussion.

"Review of Fire Insurance Decisions During the Last Year," F. M. Drake, Louisville.

Discussion.

Round Table VIII

Fidelity and Surety Insurance Law: J. Harry Schisler, Baltimore, chairman.

"The Liability of Successive Sureties," R. P. Wisecarver, San Francisco.

Discussion.

"Surety's Right of Subrogation in Connection With Forged Checks and Checks Bearing Forged Endorsements and Against Third Persons Contributing to the Loss," T. E. Davis, San Francisco.

Discussion.

7 p. m. Annual dinner and floor show, Commercial Club, no speeches.

Wednesday, July 12, 2 p. m.

Reports of committee chairmen:

Automobile insurance law, R. G. Rowe, Chicago.

Casualty insurance law, H. D. Combs, Baltimore.

Fidelity and surety insurance law, J. H. Schisler, Baltimore.

Fire insurance law, Thomas Watters, Jr., Washington.

Marine and inland marine insurance law, R. E. Hall, Hartford.

Workmen's compensation and employers liability insurance law, T. N. Bartlett, Baltimore.

Health and accident insurance law, V. J. Skutt, Omaha.

Life insurance law, J. F. Handy, Springfield, Mass.

Liaison committee to confer with National Association of Insurance Commissioners, H. S. Moser, Chicago.

Discussion of committee reports.

Address, "Erie Railroad vs. Tompkins—One Year After," Dean Robert L. Stearns, University of Colorado school of law, Boulder, Colo.

Address, "What Constitutes Insurance Within the Purview of the State Insurance Laws," J. P. Wright, Baltimore.

General discussion.

(CONTINUED ON NEXT PAGE)

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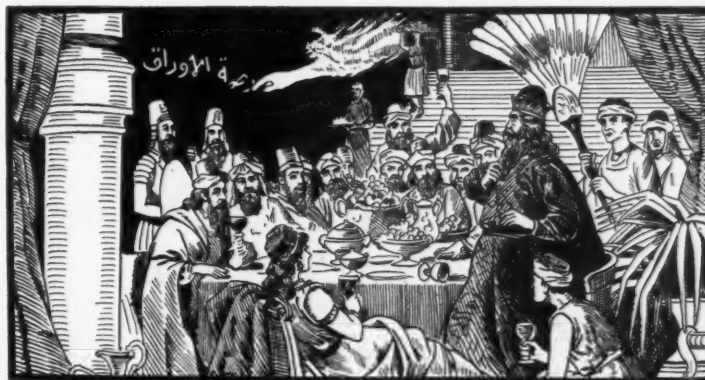
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(CONT'D FROM PRECEDING PAGE)

Report of nominating committee and election of officers.
Introduction of new officers and adjournment.

Reports of the various standing committees have been published in advance of the meeting. Chairman R. G. Rowe of the committee on automobile insurance law reported in the future it should divide its time between projects in which it can serve important public interests and those which will enable the committee to act as a clearing house for the practical benefit of lawyers chiefly engaged in automobile litigation. J. H. Schisler, chairman fidelity and surety committee, reported on the proposed uniform law for relief of sureties on bonds of fiduciaries, which it is hoped will be completely revised this year so it can be presented to the National Conference of Commissioners on Uniform State Laws. The committee on fire insurance law, headed by Thomas Waters, Jr., commented on continuation of the work begun last year in annotating the New York standard fire insurance policy, a discussion of which will be held at the San Francisco meeting.

Progress has been made by the committee on lay adjusters. Chairman E. S. Gambrell reported. The leading test case, Liberty Mutual, et. al., vs. Clark

et. al., still is pending in the Missouri supreme court, and another important case is Birmingham Bar Association vs. Wilkie, independent adjuster of Alabama. The committee stated social and cultural progress and development of lay agencies for rendering special services have not destroyed the social and public importance of maintaining an exclusive legal profession, specially educated and trained to render legal services. The truly professional man is needed more than ever. The question is whether there shall be a dividing line between the exclusive domain of the lawyers and the field in which the laymen, and especially lay experts, are permitted to serve the public. The public best can be served by supporting and maintaining the conference committee on adjusters and practically handling this problem, the committee concludes.

The committee on qualification and regulation of insurance companies, headed by E. W. Patterson, recommended adoption of an act relating to liquidation, rehabilitation, reorganization or conservation of carriers doing business in more than one state, and further study of the project embodied in the uniform act concerning the conflict of laws in relation to insurance contracts.

The workmen's compensation and employers liability committee, of which T.

N. Bartlett is chairman, prepared a lengthy report, noting a tendency by way of judicial legislation to extend occupational disease coverage without a statutory aid. Iowa, it was said, seems to have been added to the occupational disease states in this manner by a recent decision.

PERSONALS

Charles Cooksey, who had been a claim adjuster in the Chicago office of Standard Accident for 23 years, died at his home in Chicago from heart disease. He was 52 years of age. He handled Illinois downstate business for the Standard.

Assistant Secretary Frank J. Forrest of the North American Accident, in charge of the Los Angeles office of the company for 20 years, died at his home there. He was a brother of A. E. Forrest, president of the company, and was one of its founders. He was in the home office in Chicago for a time, and then went to Colorado, going to Los Angeles 20 years ago.

At the annual outing of the Provident Life & Accident held Tuesday, attended by more than 400 home office employees and their friends, a huge cake made in the replica of a large service pin was presented to Vice-President W. C. Carlinhour who was completing his 29th year with the Provident that day. On the cake was a large gold candle with 29 notches cut in it.

J. P. Telfer, a familiar figure to ticket agents throughout the country for 29 years, has retired on pension from active service as a traveling representative of the Travelers' ticket department. His home is in Denver. O. D. Bayrer, engineer in charge of the mechanical research unit of the engineering and inspection division, has completed 25 years' service with the company. He first was employed by tool companies, joining the Travelers in 1914 in the Hartford branch office, then going to the home office in 1921. He is widely known for his study of the problems of providing machine guards for protection of workers, several of his designs for safeguarding punch-press operations being in general use throughout the country. He is the originator of many of the Travelers' industrial safety bulletins.

John E. Gossett, assistant general manager of the Travelers in the greater New York area, died at Lenox Hill Hospital there following an illness of nearly a year. He was born Aug. 26, 1889, in Norris City, Ill., and was graduated from the University of Illinois in 1912. After general business experience he became special agent of the Travelers, inaugurating the sale of steam boiler and fly wheel insurance in Wisconsin. In 1913 he was graduated from the home office training school and assigned to Milwaukee. He was transferred in 1916 to Toronto, soon becoming assistant casualty manager there. He was advanced to manager in 1918, then a year later was transferred to Pittsburgh as assistant casualty manager. In 1921 he was transferred to New York as associate manager; in 1923 he became manager of indemnity lines there, and in 1937 manager of compensation and liability. Mr. Gossett was advanced to assistant general manager early this year.

C. D. Rarey, comptroller of the Travelers companies, died at a hospital in Hartford of a heart attack following an operation. He was born in 1888 in Columbus and entered the service of the Travelers there in 1910. He was transferred to the head office a year later and served successively as traveling auditor, auditor and comptroller.

Members of the rating committee of the Minnesota Compensation Rating Bureau, returning from their annual outing in northern Minnesota, barely missed getting in the path of a cyclone which killed 10 people at Anoka, Minn. Because of dismal weather up north the members left earlier than they intended

and this got them back to Minneapolis just ahead of the storm.

Tracy W. Smith, superintendent of agencies casualty lines of the Travelers, has completed 25 years of service. Starting as an inspector in New York City in 1914, Mr. Smith later served at both Rochester and Syracuse. He became a special agent in the home office in 1916. In January, 1919, he was appointed field assistant attached to the home office agency staff. In 1921 Mr. Smith was advanced to agency assistant and a year later became an assistant superintendent of agencies. He was appointed superintendent of agencies in 1927.

Dr. Arthur Karfgin, assistant medical director of the Maryland Casualty, has been named its chief surgeon. He succeeds Dr. A. D. Lazenby, vice-president and medical director, who died April 18. Dr. Karfgin went with the Maryland May 1, 1937, as assistant surgeon and was made assistant medical director last February.

About 200 employees, officers and executives of the American Mutual Liability of Boston gathered in New York City for a testimonial dinner in honor of V. A. Trundy, resident vice-president in New York, who has completed 50 years of continuous service with the company. E. C. Jacobs, assistant district engineering manager, presented him an inscribed bronze desk set, commemorating his anniversary. Mr. Trundy started with the American Mutual in 1889 in the Boston office, was elected assistant secretary in 1898, secretary in 1912. In November of that year he resigned to become American Mutual's district manager in Chicago, and subsequently became district manager in New York. In 1921, Mr. Trundy was elected resident vice-president in charge of affairs of the New York office, which serves New York State and New Jersey.

Maj. G. L. Lloyd, manager Aero Insurance Underwriters, sailed from New York on the "Queen Mary" Wednesday for a visit to Great Britain and possibly several continental countries, the purpose being to maintain contacts and to keep posted as to developments in aircraft insurance abroad.

Gratified with the \$500 Blanket Burglary Form

NEW YORK — Casualty companies are highly gratified at the favor with which the \$500 blanket burglary policy has been received by agents and prospects. The volume of business written since the contract was put forth March 1 has surpassed all early expectations. A gratifying feature of the business is that a considerable percentage of it has been written on the three-year term basis.

U. S. F. & G. Alumni Elect

At the first reunion in Baltimore of the alumni of the United States Fidelity & Guaranty school of insurance these officers were elected: President, David Johnson, Pensacola, Fla.; vice-presidents, Mildred Gibbins, East Orange, N. J., and J. F. Shanley, Meadville, Pa.; secretary-treasurer, Sally W. Barnwell, Yazoo City, Miss.

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CAPITAL	\$ 2,000,000.00
Surplus	4,547,338.93
Voluntary Catastrophe Reserve	500,000.00
Reserve for Losses	4,574,742.68
All Other Liabilities	2,129,434.74
TOTAL ADMITTED ASSETS	13,751,516.35

NOTE: Securities carried at \$364,875.00 in the above statement are deposited as required by law.

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POINTERS FOR LOCAL AGENTS

Producer Can Beat Political Interference by Hard Work

NEW YORK—R. J. Hill, Jr., New York metropolitan bond manager Maryland Casualty, described a number of sources for fidelity and surety business at the June meeting of the brokers' organization calling itself the "Dumbbells." It is possible, he said, for hard work, ingenuity and patience to prevail even when faced with political interference.

To this end he suggested first cultivating contractors who are active bidders and learning to speak their language and, second, taking the same interest in the contractor prospect that the broker would feel if he were an employee on the contractor's payroll. A broker in such a case, Mr. Hill said, must be far more than a solicitor, he must make himself a part of the contractor's advisory staff and actually be capable of furnishing accurate information and sound advice to his clients, not only on matters pertaining to the bond business but also on any other phase of his insurance picture.

Contractor Too Busy

"Where, you ask, can a broker get information of interest to his client?" said Mr. Hill. "The answer is simple. Out of published reports available to anyone. For example, the City Record, published by the city of New York, containing a wealth of information of interest to contractors doing work for the city in addition to advertisements of work on which bids have been requested, awards and the like. There are several privately operated publications which furnish quite complete data with respect to contracts in prospects, probable bidders, result of lettings and awards. These publications are national in scope and quite comprehensive.

"You may wonder why you should be the purveyor of such information when the sources are available to a contractor just as they are to you. That is true, but contractors are busy fellows and do not always take nor have the time to study these reports and one that you may pick up they may have missed—and that one item may result in the winning of a contract.

"These same principles apply, of course, to the development of private contract bond business. Bonds on public contracts are for the most part

statutory requirements so that the contractor himself is the one to cultivate. This is not so in the case of private contracts, for the requirement of a bond is within the discretion of the owner or his agent, the architect. Here is a field for the ingenious broker to cultivate.

"Your construction reports will give you details as to private contracts if prospects. Take the time to sell the owner or the architect on the need for a bond.

"Another not overworked sort of private contract bond may presently be found in the ranks of mortgagees, such as savings banks, loan societies and other lenders on real estate. Many such institutions through foreclosure have come into possession of property in need of improvement and many mortgages and long term leases contain covenants requiring the giving of security in one form or another before improvements can be undertaken by the borrower or lessee.

"The broker's job, once he has wooed and won a contractor, is to establish a market for his client's need of suretyship. You as a broker must, if you would properly serve your client, find the underwriter or group of underwriters most capable and most sold on your client. Underwriting being a matter of judgment, you may well find that one market is the proper one for one client and another for the other."

Taking up fiduciary and judicial business, Mr. Hill said that "every client on your books is of course a probable prospect for judicial bonds, since most businesses are at sometime almost bound to become involved in litigation either as plaintiff or defendant and the broker's cue is to be around when it happens." Warning against an attitude of waiting around for this class of business to roll in, Mr. Hill said:

In Attorneys' Hands

"You'd be amazed at the number of instances where the placing of judicial bonds is left in the hands of the attorneys representing the litigants. Many corporations require bonds so infrequently that they are mystified by the thought of having to give them and are only too glad to leave the placing to someone else, frequently the attorney. So you should know not only your

clients but also their attorneys.

"These same attorneys are the principal sources of fiduciary as well as judicial bonds. These bonds frequently last for a period of years so that you have renewal commissions to look forward to. The bond of a guardian of an infant, for example, lasts from the time the infant inherits the estate until he reaches maturity. Once you get such a bond it is removed from competition and barring removing of the guardian for one cause or other you have reason to expect to continue to receive a commission on that bond.

Work Through Associations

"Many of those required to give license and permit bonds are banded together in associations. The ingenious broker hunts up such associations, makes himself valuable to them, furnishes them assistance of a technical nature and is in turn favored with the license bonds required of the members.

"Statutory bonds required incidental to operation in a given field of industry furnish a field for circularization. There are brokers who have become recognized as authorities on legislation affecting a given industry and the incidental bond requirements.

Taking up fidelity coverages, Mr. Hill said that paradoxical as it sounds, one of the principal sources of fidelity premiums lies in the same spots where there is now fidelity coverage.

"If you were given an opportunity to study the claim files of the fidelity writing companies you would be amazed at the number of instances where losses exceed the bond amount. Too many assured try to pick the employees to be

bonded on the basis of their judgment of that employee and the extent to which he may have access to the firm's coffers. Our experience clearly indicates that as a class employers are poor pickers.

"Where you are given an opportunity to study an assured's fidelity business, study the method of operations in detail and if as an outsider you see danger spots, point them out, emphasize them and go on record with your recommendation that coverage be provided. Too often brokers in competition are prone to look for ways to reduce fidelity insurance costs when if they would earn their commission they should properly be giving more attention to adequate coverage.

Banks Are Prospects

"Just as a thought, I wonder how many banks are making loans to relatively small corporations without inquiring as to the adequacy of the fidelity coverage carried by the borrower. That might be a field to develop, for certainly defalcations of an employee of a borrower could and in many cases do affect credit standing.

"Another point: hasn't the board of directors of a corporation some responsibility to the stockholders to see that employees are adequately bonded, just as it has some responsibility to see that fire insurance is carried? I imagine that very question would cause some embarrassment if asked recently of the directors of a certain large surgical and drug supply house."

Frank C. Stackpole, president of the organization, introduced Mr. Hill.

AN ACHIEVEMENT IN MODERNIZATION



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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Middle West Storm Losses Continue

Losses from tornado, windstorm and hail continued to mount in the middle west during the week. Sunday a tornado struck north and west of Minneapolis, killing at least 10 persons and injuring more than 60 people and demolishing many buildings. Although property damage of approximately \$500,000 was caused, insurance loss will be somewhere between \$25,000 and \$50,000. About 250 total losses were reported.

Sections of seven towns, Corcoran, Maple Grove, Champlin, Anoka, Cedar, St. Francis and Bethel, were damaged with Anoka, a town of some 5,000, suffering most seriously.

In Anoka the Lutheran Church, where services had ended only a few minutes earlier, part of the armory, a large two story house, a garage and more than 40 houses were razed.

In Cedar a store, a creamery, a home, a church, a new brick school house and three large nearby farm houses and the town hall were destroyed.

800 Losses Around Eau Claire

Wind caused much damage, although individual losses were fairly small, in the vicinity of Eau Claire, Wis. More than 800 losses were reported. Wind and hail caused more than 1,000 losses in the vicinity of Scotts Bluff, Neb., the great majority of these being small.

More than 20 homes were unroofed in the vicinity of Delavan, Ill., when a tornado ripped through the northwest section of the town. Telephone and public service lines were destroyed. A heavy downpour followed the wind.

It is roughly estimated that this year there are somewhere between 15,000 and 20,000 losses thus far due to winds and hail.

Many underwriters thought that fewer losses would occur this year because high winds and hail had not come as early as in previous years, but storms the past two weeks have destroyed their hopes.

To Confer in Lansing on Michigan Association Plans

LANSING, MICH.—Plans are being made for a meeting of the governing committee of the Michigan Association of Insurance Agents in the headquarters offices here June 28. Waldo O. Hildebrand, secretary-manager, is preparing the agenda.

The general theme of discussion will be the program for the remainder of the fiscal year. Included will be consideration of educational courses conducted by local boards; work with the state safety council; work with the newly organized Michigan Retail Institute, organized to combat the diversion of retail trade and defend interests of the so-called "middle-man" whose functions, it holds, are indispensable to the American business system; membership and finances; the Upper Peninsula convention at Ironwood July 14-15; proposed regional meetings to be held in as many as possible of the 15 regions into which the Michigan association has been divided; speakers' bureau reports by members of that special committee, made up of Mr. Hildebrand and Clyde B. Smith, Lansing; Joseph W. Mundus, Ann Arbor, and James A. Wilson, Kalamazoo.

Mr. Hildebrand will be present at St. Johns, at a meeting of local agents June 23, at which it is expected to organize

a local board. He will assist in the organization effort and explain the functions of the state and local organizations in assisting agents who wish to operate their agencies on a sound and permanent basis.

Vinton, Ia., Agent Honored on His 40th Anniversary

The 40th anniversary of W. E. Bickel of Vinton, Ia., in the insurance business was observed with a surprise party given by a group of insurance associates.

The party was in charge of J. H. Bunten, Fire Association. Others who attended were J. C. Stuart, Aetna Fire; T. C. Little, Fireman's Fund; P. J. Payseur, Phoenix; E. H. Davis and A. E. Holm, Home; G. A. Holbrook, North America; R. A. Montis, A. R. Goodall and C. D. Wherry, Hartford Fire, all of Des Moines; O. A. Wicker, Standard Accident, Minneapolis, and W. W. Boardman, Royal, Cedar Rapids.

The party started with a luncheon, followed by a golf party in the afternoon. Mr. Bickel was presented a leather bound desk file and pad.

Ohio Mutuals Elect

The Ohio Mutuals Union at its annual meeting in Columbus elected T. J. Ioar, Hamilton County Mutual Fire, Cincinnati, president; M. J. French, Guarantee Mutual Fire, Springfield, vice-president; and Paul W. Purmort, Central Manufacturers, Van Wert, secretary-treasurer. On the executive committee are: C. E. Nail, Lumbermen's, Mansfield; J. C. Neer, Western Mutual Fire, Urbana; L. A. Dennis, Shelby Mutual Plate Glass & Casualty, and G. W. DeYarmon, Merchants & Manufacturers, Mansfield.

Issues New Farm Schedule

The Ohio Inspection Bureau has issued a new Ohio farm schedule of rules and rates for fire, the extended cover-

age indorsement, windstorm and hail insurance on farm property. Few changes in rates or regulations were made.

Clyde Lewis Opens Office

Clyde M. Lewis has resigned as branch office manager at Marion, Ill., for the Associated Adjustment Bureau in order to start an adjustment office of his own in the Bank of Marion building. He will operate largely in southern Illinois, where he knows conditions. He has been in the adjustment field for some time.

MIDWESTERN NOTES

R. W. Suhr of Omaha, formerly state agent in Nebraska for Camden Fire, has joined the Fluent-First Security Agency of Mason City, Ia., taking the place of Wayne Fluent who has taken a state political position.

Commissioner Yetka was a speaker at a two-day regional fire school in Stillwater, Minn., both Minnesota and Wisconsin towns participating. W. M. Brown of the National Board and J. B. Wilkinson of the Wisconsin Rating Bureau also spoke.

Commissioner Emery addressed a joint meeting of the Michigan Association of Mutual Insurance Agents and the 1752 Club of Michigan. H. C. Cunningham, manager Michigan Adjustment Bureau, spoke on adjustments. Gus Ederle, Grand Rapids, head of the mutual agents' association, presided.

The Sheboygan (Wis.) Board of Fire & Casualty Underwriters held its annual outing Tuesday. The big event of the day was a ball game between teams of local agents and field men.

Dee Riddle, formerly of Des Moines, has opened an agency at Knoxville, Ia.

The Trumbull County Insurance Board at Warren, O., will have an outing July 19.

E. D. Fraley, Hutchinson, Kan., local agent, is recovering at a hospital there from a major operation.

The A. M. Schanke agency, Mason City, Ia., has been sold to Ivan A. Barnes, former Mason City Y. M. C. A. director.

IN THE SOUTHERN STATES

Announce Program for Georgia School

The program for the insurance school of the Georgia Association of Insurance Agents, to be held July 19-22 at the University of Georgia, Athens, is as follows:

U. & O. and Extra Expense Insurance, A. A. Hepp, Home, Atlanta.
Special Lines and Consequential Coverages, E. D. Schane, Royal-Liverpool groups, Atlanta.

Hail and Farm Underwriting, A. A. Orrender, Hartford Fire, Atlanta.

Inspection Reports, J. R. Roberts, Retail Credit Co., Atlanta.

Accident and Health and Hospitalization Insurance, speaker not selected.

Office Management and Collections, Oscar Beling, Royal-Liverpool groups, New York.

Boiler and Machinery Insurance, A. P. Francis, manager Hartford Steam Boiler, Atlanta.

Inland Marine (with moving pictures), E. Dana Johnson, W. H. McGee & Co., Atlanta.

Automobile Insurance (all coverages), H. D. Sherwood, Travelers, Hartford.

Public Liability (all forms), Frank W. Potter, Aetna Casualty, Hartford.

Contract Bonds, Fair Dodd, Haas & Dodd, Atlanta.

Fidelity and All Other Bonds, C. T. Hyne, Fidelity & Casualty, Atlanta.

Burglary, Robbery Coverages, Frank W. Potter.

The Fire Insurance Policy, Marion Seabrook, manager loss department Commercial Union group, Atlanta.

General Cover and Reporting Forms, T. G. Linthicum, America Fore group, Atlanta.

All agents, and company men, and their employees are eligible to attend. Registration fee \$3 and \$2 per day to cover room and board.

License Bill Fails in Florida by One Vote

TAMPA, FLA. — The Florida agency qualification bill failed to pass in a last ditch fight that was lost by a hair. It passed the house 67 to 10, the senate by 33 to 0, was vetoed by the governor, who was overruled by the house, 55 to 22, and finally died in the senate on a vote which missed the necessary two-thirds majority by one vote. This senate vote came in the late afternoon when several friends of the measure had gone home, worn out.

In his veto, the governor held that the bill's provisions confined applicants to men and women of higher education, and made issue of license too costly. These provisions were principally, that in towns of 5,000 or more and counties of 50,000 and up applicant must have had certificate of insurance study from

a college or correspondence school or at least a year's experience in an insurance company or agency office. Payment of \$10 examination fee was required, whether the license was issued or not.

The monopolistic compensation fund bill was defeated, as well as the measure requiring all state school property to be insured in the state fire fund. The state rating bureau provision and a measure requiring adjustments by lawyers and other detrimental measures were defeated. The movement to increase the premium taxes from 2 to 6 percent and the proposal to eliminate foreign companies were actively opposed and defeated.

London Lloyds Barred in Tennessee by Court Order

NASHVILLE, TENN. — London Lloyds, in a decree entered by Chancellor Newman, is enjoined from "in any manner conducting an insurance business in Tennessee." The chancellor found that Lloyds has for a number of years written much insurance in Tennessee, but that it has never qualified to do business in the state nor met statutory requirements. The injunction is to remain in force until it complies with every condition of the law.

The suit in which the decree was entered was filed some time ago in the name of the state of Tennessee. Chancellor Newman held that not only is the state entitled to an injunction, but that Lloyds is liable to it for the taxes and penalties provided by law, on all the insurance it has written.

No judgment for a definite amount was included in the decree, except on one policy specified—one issued to the General Cab Co. of Nashville, covering a fleet of taxicabs, on which \$9,030 in premiums had been paid.

Asks for Oklahoma Experience

OKLAHOMA CITY — The Oklahoma Insurance Board has asked the Oklahoma Inspection Bureau to compile a fire insurance experience report to assist the board in determining the adequacy and justification of the fire rates in Oklahoma. The report was asked at the request of Governor Phillips, said B. E. Harkey, secretary. The governor claimed that the rates had been increased in certain districts of eastern Oklahoma City when the oil field was opened but that no fires had ensued due to drilling or operation of oil wells.

The board set July 10 for hearing on the request for lower rates on cracking stills.

Phillips Continues as Chairman

RICHMOND — The Phoenix of Hartford, Orient, National of Hartford and the Old Dominion were reelected on the governing committee of the Virginia Insurance Rating Bureau at its annual meeting here. A. R. Phillips, vice-president of the Great American, continues as chairman of the committee and B. C. Lewis, Jr., vice-president Virginia Fire & Marine, as vice-chairman. D. L. Coulbourn, state agent National of Hartford, and R. C. Rice, state agent Phoenix of London, were elected to the executive committee. T. H. DeGraffenreid, state agent North British, was elected chairman of this committee, and G. G. Long, state agent Aetna Fire, vice-chairman. E. W. Spencer was reelected manager, W. C. Wood and L. O. Freeman, assistant managers.

Knoxville "Cleans House"

KNOXVILLE, TENN. — With the election this week of three new members, and with one pending application

which will be approved, the reorganized Knoxville Insurance Exchange now has 31 members, the greatest number in 15 years. Starting five years ago, the exchange members came to the conclusion that cut-rates and short-cut schemes were injurious to agency building and began an educational program to eliminate those practices from the community. There are just four or five agencies outside of exchange membership which cannot qualify but are preparing themselves for qualification standards. A number of part-time agencies have been discontinued, some by agreement and some by fair and impartial application of the "in or out" rule.

John D. Saint, manager Tennessee Association of Insurance Agents, says Knoxville is an outstanding example of what can be done in cleaning up the business. With the addition of the Knoxville members, the Tennessee association establishes an all-time high in membership of 308, the previous high record being 283.

Florida Bank Again Cuts Premium Finance Rates

The Barnett National Bank of Jacksonville, Fla., for the second time in eight months has announced a reduction in premium finance rates. It is the oldest national bank in Florida. It has taken a prominent part in premium financing. Alex. Mitchell is manager of this department.

New rates under the bank's monthly payment plan will be as follows: 6 percent simple interest on unpaid balances for premiums totaling \$50 to \$2,500; 5 percent for premiums \$2,501 to \$10,000; 4 percent for premiums over \$10,000.

Under the annual payment plan rates will be: 6 percent for premiums \$75 to \$150; 5 percent for premiums \$151 to \$1,500; 4 percent for premiums over \$1,500. Under this plan, to be acceptable for financing, premiums must total at least \$75. However, the minimum interest charge has been eliminated entirely.

Coupled with these reduced rates, the Barnett Bank will continue its simplified procedure of not requiring policies or certificates with its contracts, and paying balances to agents in from four to 14 days.

Mississippi Agents Meet

Advantages of organization were stressed in addresses at a meeting of the Northeast Mississippi Local Agents Association at Tupelo. Speakers included J. W. Robinson, Jackson, president, and Warner Wells, Greenwood, past president Mississippi Insurance Agents Association. S. J. High, Tupelo, is president of the district group.

Postpone Organization of Council

OKLAHOMA CITY—The organization meeting of the Oklahoma Capital Stock Insurance Council announced for June 19 has been indefinitely postponed. Because of the beginning of the vacation period which depletes attendance, the meeting may be deferred until fall, although this is not definitely decided.

Hargrave Goes to Houston

J. I. Hargrave, special agent Cotton Insurance Association, has been transferred from San Antonio to Houston, Tex., with offices at 1625 Cotton Exchange building.

SOUTHERN NOTES

Lyn Davis has opened a local agency in the Wilson building, Dallas.

William Oliver has opened a local agency at Corpus Christi, Tex., with offices in the Jones building.

J. L. Stuckert has been joined by his son in his local agency in Fort Worth. The firm is now J. L. Stuckert & Son.

The local agency of Mayo-Hawley & Co. has been established at Texarkana by John Mayo, Robert Hawley and Sam Milazzo, Jr.

Holland Wallace, formerly special agent for Cravens, Dargan & Co. of Houston, and H. W. Rowe have opened a local agency at McAllen, Tex.

Heads Augusta Board 2nd Time in 10 Years



SCOTT NIXON

AUGUSTA, GA.—At the annual meeting of the Augusta Board of Underwriters, the following officers were elected: President, Scott Nixon; vice-president, W. F. Law, Jr.; secretary-treasurer, A. H. Howell; directors, W. J. Heffernan, Jr., W. F. Hewett, T. W. Alexander and A. M. McAuliffe. This is the second time in ten years that Mr. Nixon has been president.

Irwin R. Wootton, of Jonesboro, secretary Georgia Association of Insurance Agents, was guest speaker. He told of plans for the insurance school at the University of Georgia.

Paul Maxwell of the F. W. Offenhauer & Company agency at Texarkana, Tex., has been elected president of the Texarkana chamber of commerce.

COAST

Colorado Treasurer Holds Up Insurance Probe Fund

DENVER—State Treasurer Bedford will hold up a \$3,000 allocation from the legislative fund for operation of an interim investigating committee on insurance appointed by the house before adjournment.

Mr. Bedford bases his stand on the contention that an allocation of this kind must be approved by both houses of the legislature and bear the governor's signature before it is legal. The insurance committee fund was voted only by the house.

Governor Carr denied that to date the committee had been financed by money from the chief executive's contingent fund.

Another development expected shortly is the filing of suit by Sommers West of Pueblo to determine his right to the post of insurance commissioner. He was appointed by the governor. The present commissioner, Luke J. Kavanaugh, was named by the attorney general. There has been much contention as to whether the appointment belongs to the governor or the attorney general.

New California License Fee Schedule Now in Effect

Commissioner Goodcell has issued the new insurance department license fee schedule which is now in effect.

Notice is called to the doubling of fees for applications filed after the penalty date. The penalty fee for a broker, for instance, will rise from \$15 to \$30 and for agents from \$6 to \$12.

Surplus line broker's license fee is in-

creased from \$25 to \$50 annually. Commissioner Goodcell stresses the points that the new law went into immediate effect and that the fees are for filing applications for licenses and not for issuance. He said that this change is made to eliminate the cost of examining applications, etc., being placed upon those who do receive a license rather than on those who are refused licenses. In the latter case, fees will no longer be refunded to those failing to qualify.

Brokers Society Elects Governors

SAN FRANCISCO—The Society of Insurance Brokers, at its semi-annual meeting, elected the following to its governing committee:

Fred Braun Company, Davis & Jeddiss, F. Hohwiesner & Co., Johnson & Higgins of California, Levinson Brothers, Marsh & McLennan-J. B. F. Davis & Sons and Louis Stockmeier. J. A. Levensaler and Jack Okell were elected to the arbitration committee.

Tribute was paid B. F. Brisac, veteran broker and one of the founders of the Insurance Brokers Exchange and later the Society of Insurance Brokers. After more than 30 years of serving on committees and as an officer of the brokers' organizations, he is retiring from association activities.

Reporting for the arbitration committee, W. S. French of French & St. Clair said that during the past six months no complaints had been received. The finance committee reported the organization in a prosperous and sound condition.

Pierce County Agents Elect

TACOMA, WASH.—Arthur H. Bassett veteran Tacoma local agent, was elected president of the Pierce County Insurance Agents Association. He succeeds L. D. Mitchell. William Healy of Healy Bros., was chosen vice-president; Omar Bratrud, reelected secretary-treasurer; Charles Morphy, Warren Lagerquist, R. T. Mallery and John D. Wells, directors.

Beauty Contest in San Francisco

The prettiest girl in San Francisco's insurance district will be selected at the buffet-supper-dance which brings Insurance Day on Treasure Island to a close June 24. Each insurance office was permitted to enter one employee. A cash prize is to be awarded the lucky girl. The committee consists of Arthur M. Brown, Edward Brown & Sons, H. F. Badger, Pacific Board; T. F. Ryan, assistant secretary Fireman's Fund; R. J. Mayle, Pacific National Fire; Miss Alyce West, president San Francisco Insurance Women's League and Frank Williams, insurance accountant.

San Francisco Exchange Elects

SAN FRANCISCO—At the semi-annual meeting of the Insurance Brokers Exchange E. A. Calegaris, Elmer C. Gunther and G. Trittenbach were elected to the board of governors to serve until June, 1941. Prentiss Deering was elected to the board for a term expiring next December. George Czingier and Milton C. Fox were elected to the arbitration committee to serve until December, 1940, while H. M. Snyder was elected until December, 1939.

Secretary Hugo Meyer was praised for his successful legislative activities. Although the Exchange lost in an effort to obtain legislation to eliminate the writing of fictitious fleets it was a factor in defeating many serious and inimical measures before the legislature.

H. P. North Now Installed

H. P. North is now installed in the Russ building, San Francisco, to give Business Development service to agents and field men in the coast territory. He is assistant director of the B. D. O. Mr. North was formerly Tennessee special agent for Springfield F. & M. He went with the B. D. O. in February of this

year and since then has been at the New York headquarters, becoming familiarized with the work.

What life insurance means to the business woman was discussed at the San Francisco Insurance Women's League's meeting by Miss Maritza Barcofey, John Hancock Mutual Life.

The contact committee of the Idaho Association of Insurance Agents conferred in San Francisco with the Idaho advisory committee, of which L. S. Gregory, Fireman's Fund, is chairman.

J. C. Beeson, Sr., 79, Cle Elum, Wash., local agent, died after a short illness. He was the father of J. C. Beeson, Jr., of McCollister & Campbell, Seattle, general agents.

Joy Lichtenstein, vice-president Hartford Accident in San Francisco, was one of the principal speakers at the annual joint conference of the San Francisco and southern California chapters of the Special Libraries Association. Mr. Lichtenstein, who started his business life as assistant librarian of the San Francisco public library, discussed special libraries from the laymen's viewpoint. Miss Avis Bryson, librarian Fire Underwriters Association of the Pacific, is an officer of the association and chairman of the convention program.

Howard C. Ries, Everett, Wash., local agent, termed the Wagner health bill now pending in Congress "arbitrary and unsound" in an address before the King County Association of Insurance Agents.

W. L. Graham, for some years past deputy insurance commissioner of Oregon, has opened a local agency in Portland.

EAST

Maryland Muster Program Announced

The semi-annual meeting of the Maryland Association of Insurance Agents will be held Friday and Saturday of this week at Ocean City. J. Edward Cochran of Hagerstown will preside. The executive and regional committees will meet the evening of June 22. The program is as follows:

Friday, June 23

Greetings from Regional Vice-President Hoyt Bloodsworth, Princess Anne. Report of regional vice-presidents. Talk by W. L. Falk, Royal-Liverpool group, "Mutual Competition and the Consumers Cooperative Movement." J. T. Robertson, Jr., Stock Company Association, discussion on its work.

Afternoon Meeting

Open discussion on morning's meeting with Messrs. Falk and Robertson.

Open discussion with representatives of the rating bureaus having jurisdiction in the state.

Address by D. A. Holmes, president New Jersey Association of Underwriters, "The Activities of the New Jersey Association and Their Results."

Remarks by Past Presidents E. C. Murray and A. W. Hall.

Banquet—Toastmaster W. S. Gordy, Jr. Speaker, C. T. Hubbard, Automobile of Hartford, "Magical Ideas and Trends."

Saturday, June 24

Address by B. B. Kane, North America, "Use and Occupancy Insurance."

Business meeting.

S. D. Kolb of Salisbury is chairman of the executive committee and S. G. Kilmer of Baltimore is secretary.

Fossett Baltimore President

F. M. Fossett has been elected president of the Baltimore Insurance Society. D. G. Mulligan is first vice-president; James Gorges, second vice-president; B. L. Boone, third vice-president; Conrad Menshine, treasurer. New members on the executive committee are P. I. Leary, Guy Warfield, Frank Schramek and H. M. Gibbs.

MARINE

"Picture the Answer Method" to Be Used

ATLANTA, GA.—E. Dana Johnson, assistant secretary of Wm. H. McGee & Co. and manager of its Atlanta office, will supplement his two lectures on inland marine insurance at both the University of Florida insurance school, Hollywood, July 5-8 and the University of Georgia insurance school, Athens, July 19-22, with a motion picture examination. He has titled the motion picture "Picture the Answer" and it will treat 20 inland marine coverages with two questions on each.



Dana Johnson

A student of psychology as well as insurance, Mr. Johnson has developed this educational idea and while he has lectured previously at the Insurance schools of University of Florida, University of North Carolina and Indiana University, the motion picture examination will be presented for the first time anywhere at the Florida and Georgia schools. All these insurance schools are under the sponsorship of the respective state insurance agents associations.

Mr. Johnson explains that visual education is not at all new in the educational field. However, heretofore visual education has been confined to the lecture form, with motion or still pictures accompanied with or else without the lecturer.

Supplements Lecture Work

The "Picture the Answer" examination is an advancement beyond the lecture plan but is developed to follow either a verbal or visual educational lec-

ture. A technical example given by Mr. Johnson describing the value of the idea is "Through the faculty of perception, we may know something of the chemical element sodium (Na.). Our former experience with this element may tell us that sodium is a white substance that is soft, and when freshly cut shows a metallic surface. There is a spontaneous combustion when sodium is placed on water. These general experiences, or sensations, may have come to us either by previous study, experiment or through lectures. At present to test our knowledge of a subject, which, in this example, is sodium—we take a written or a verbal examination. This method of examination is testing memory to a great extent. However, if instead of a purely written or verbal examination being submitted to us, we are given one through the medium of pictures of the subject, then the fusion of the resulting sensations with former experience produces a more indelible perception. Perception embraces recognition, comparison, association of ideas, etc."

The results of this advancement in the visual educational field will be tabulated to determine its future value in the realm of education.

Motor Cargo Policy Filing Is Irsome

With approval of the West Virginia legislature of an amendment permitting filing of certificates of notice and cancellation, attention is drawn once again to the need for standard regulations and practices governing filing of motor cargo policies with state departments.

As yet there are but few states which have followed the Interstate Commerce Commission's motor cargo forms, which were worked out with the cooperation of the I. M. U. A. Most states require filing of copies of policies instead of certificates. This has proved an expensive and time-consuming feature which has irked marine men for some time and it is their feeling that in the future it might be well if some type of standardized system was worked out.

Few States Have Standards

Only Ohio, Nebraska, Michigan and now West Virginia, have forms similar to the I. C. C. certificates and endorsements.

There is a feeling also among marine men that many states worry needlessly concerning motor cargo policies, inasmuch as each particular state has an endorsement form which transcends all provisions of motor cargo policies not in agreement with that endorsement. Many advocate following the standard practices established by the Interstate Commerce Commission.

Bezanson Appointed Inland Marine Manager for Auto

Harlan B. Bezanson, heretofore assistant agency manager, has been appointed manager of the inland marine department of Automobile of Hartford. Mr. Bezanson was first employed by the Aetna Life companies in 1928. In November of that year he was appointed special agent in the Atlantic marine department in Philadelphia. In 1931 he was called to the home office, serving as underwriter until his advancement to assistant agency manager in 1936.

A. B. Grant Is Honored

A. B. Grant, who recently retired as United States manager of the Thames & Mersey Marine, was given a testimonial luncheon by his associates in the marine field and was presented with a sterling silver cocktail tray on which were engraved the facsimile signatures of the donors. The presentation was made by President W. D. Winter of the Atlantic Mutual.

MOTOR

Condition of Car Governs Amount of Liability

SPRINGFIELD, ILL.—The Illinois supreme court in a decision in the case of the Homeland against Ben Mammina, of Chicago, ruled liability under fire policies on motor vehicles is limited to the condition of the vehicle immediately prior to the fire. Mammina conducts Ben's Tri-State Motor Express.

The decision was an appeal from a \$1,600 verdict he obtained in the municipal court at Chicago which was later affirmed by the Illinois appellate court, first district, in connection with the destruction of one of Ben's trucks by collision and fire.

Grant Judgment for \$250

The high tribunal held the policy limited liability to the actual cash value of the truck and ruled that the prior collision depreciated the truck's value. The appellate court decision was reversed and judgment entered for \$250.

The truck was struck Feb. 11, 1935, by a train at Anderson, Ind. Fire ensued. The assured sought to recover \$2,000 full value prior to the collision. Evidence indicated the valuation after collision but before fire broke out was \$350, and value after the fire \$100, making fire loss \$250, which the court upheld.

Most Damage by Collision

The court held the trucking company assumed the collision risk and the insurer the fire risk. Evidence showed the major damage was done by collision, and competent testimony segregated the fire and collision loss. Under policy limitations, the insurer was liable only for fire damage, the court held. The insurer admitted liability for fire damage, even though resulting from collision. The court agreed with the insurer its liability was limited to damage done to the truck in the condition in which the truck was shown by the record to be when the fire broke out.

J. W. Kaufman of Chicago was attorney for the Homeland. Leo Cummings of T. J. Houston & Co., adjusters

of Chicago, testified and followed the case closely.

Certificate Law Held Invalid

NASHVILLE, TENN.—An act of the Tennessee legislature requiring registration of an ownership certificate for every automobile, designed to eliminate irresponsible ownership and thereby reduce auto insurance rates in Tennessee, but opposed by the Tennessee Association of Insurance Agents and other insurance interests, has been declared invalid by Chancellor R. Howell. The state finance department, which would receive about \$700,000 annually in registration fees, has appealed to the state supreme court.

Service Operator Is Indicted

YOUNGSTOWN, O.—The Mahoning county grand jury has returned an indictment against J. L. Adler, operator of the Bonded Motorcraft Service, who is charged with violating the state insurance laws. He pleaded not guilty. Adler is said to have entered into contracts with car owners promising to repair damages to fenders and other parts for an \$8 initial contract fee and a 50-cent charge for each time a repair was made at specified garages. The activities were checked by the state insurance department, with the aid of the local Better Business Bureau and L. Calvin Jones, president Ohio Association of Insurance Agents. The attorney-general in 1937 ruled the type of contract offered by the firm was a form of insurance and issued an order to discontinue the practice.

Plans for C. U. A. Meeting

TORONTO—In connection with the annual meeting of the Canadian Underwriters Association at St. Andrews, N. B., June 26-28, the fire division will meet June 26, the casualty division June 27 and automobile June 28, followed by a general meeting.

Present officers are: President, Edgar J. Kay, North British & Mercantile; vice-presidents, fire, Adam McBride, Great American; casualty, S. W. Band, U. S. F. & G.; automobile, Kenneth Thom, Western Assurance.

MARINE OFFICE OF AMERICA



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**Multi-Split Experience Rate
Plan for Compensation**

(CONTINUED FROM PAGE 19)

details, retaining many of the old features with regard to dealing with losses, but using a three-year experience period and eliminating the weighting process.

Its eligibility standard, Mr. Hobbs said, is an average annual premium of \$300, \$400 or \$500, according to the benefit provisions of the law. The characteristic difference, however, lies in its method of dividing losses for rating purposes. It does not separate indemnity losses from medical losses, but carries each case into the records at its entire cost, subject only to the maximum limits.

Table Simplifies Application

Losses are divided into "primary" and "excess." To obtain primary losses each loss is divided into units of \$300, \$400 or \$500, according to the state, and if the unit is \$500, a loss of \$2,500 would have five such units. The primary loss would include all of the first \$500, two-thirds of the second, four-ninths of the third, eight 27ths of the fourth, sixteen 81sts of the fifth. Fractions applied to divisions beyond this would continue in geometrical progression. This method insures that the primary portion of any loss cannot exceed three times the loss unit. Mr. Hobbs said. In practice this division of the various losses could be easily made by means of a table indicating primary and excess divisions of losses of graded sizes.

"Expected" losses, divided into primary and excess, are produced by a process essentially like that of the present plan but effected by means of an elaborate table showing for each manual classification and each policy year and rate, stripped of the expense loading and nonratable loadings, and a factor for splitting the rates. The splits of the rate, applied to the payroll, give the primary and excess expected losses. The experience modification is computed by means of a formula which looks simpler but is essentially similar to the formula used in the present plan.

Gives Other Side of Picture

The fate of the new plan is still uncertain, Mr. Hobbs said, but it indicates at least a plan simpler of operation is entirely feasible. Objections lie chiefly in the unsettling effect of changing a plan with which everybody is familiar and substituting one that is entirely new and must be learned.

"Undoubtedly while the average effect of the two plans runs about the same, there would be differences on individual risks," Mr. Hobbs said, "and any employer who by reason of the change found himself with an increased debit might be confidently expected to proclaim the injustice done him to the high heavens, and no demonstration of the actuarial soundness of the plan would satisfy him for a minute. Unfortunately, the actuarial soundness of the plan could be demonstrated only to the satisfaction of an actuary."

He suggested that if carriers are agreed the multi-split plan is desirable and their field representatives are satisfied with it, the matter might be considered by the commissioners association prior to its submission to individual commissioners.

Field Work Thoroughly Done

Mr. Hobbs said a prolonged and careful study of actuarial principles involved and a prodigious number of tests, together with compilation of reams of statistical tabulation were involved in developing the multi-split plan.

He discussed the general situation, finding compensation experience generally has been favorable. He spoke of the occupational disease loadings, which originally were fixed on judgment when underwriters entertained serious apprehensions as to the extent of the occupational disease hazard. The O. D. statis-

tics now are being compiled for the policy year 1936. Evidence supplied by statistics of policy years 1934-1935 indicated the apprehensions were not altogether warranted, Mr. Hobbs said. Therefore the evidence of policy year 1936 is of great importance as bearing on the problem whether present methods should be continued or materially changed.

Mr. Hobbs noted the new workmen's compensation act passed by Arkansas effective June 8, and stated this leaves Mississippi alone of all the states without such legislation.

Takes Up Contingency Loading

He discussed contingency loading, saying there are now only four states, Montana, New York, Rhode Island and Texas, where the program as originally approved would now produce a contingency loading. The other states have accumulated surplus accounts sufficient in some cases to guarantee no contingency loading for some years to come.

The calendar year 1938, he said, made a very substantial addition to the credit side of the underwriting debit and credit account. For a number of years underwriting results on workmen's compensation have showed up well. He emphasized, however, that this experience follows a period of years when underwriters had reason to feel very pessimistic over the outlook. Neither a loss nor profit trend is likely to last for more than a limited number of years, he said, and present credit balances easily could be wiped out by a few years of mounting loss ratios.

Attached to the report was a summary report by W. F. Roeber, general manager National Council, covering work done in classification inspection and test payroll audits as requested by the commissioners' convention.

**Local Agents to Be
Aid to Credit Men**

(CONTINUED FROM PAGE 3)

or's business. The credit man is furnished a certificate signed by the customer's insurance counselor, expressing his opinion of the accuracy or otherwise of the customer's insurance protection.

Insurance perils in Missouri, for example, cannot be measured from New York and Pittsburgh by any insurance examiner or by any credit manager however astute and experienced, Mr. Falls said. However, these needs can be measured with practical certainty by a trained analyst on the ground. This new plan for obtaining an analysis offers the credit man the prompt services of an analyst who is further motivated to act carefully and without delay because the request involves his customers who have paid for the right to receive good service at his hands. The credit man thus gets many essentials to a credit report on his applicant without any cost to him.

Agents Will Be Ready to Serve

If the new credit report plan is accepted by the association, 150,000 agencies across the country will be apprised of this plan by insurance organizations and trade papers and will be ready to serve the credit men and their clients,

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Mr. Falls said, pointing out the possibilities.

In suggesting his plan, Mr. Falls traced the development of the insurance statement devised by the National Association of Credit Men. The credit men learned by sad experience that men of integrity engaged in sound lucrative enterprises have failed to meet their current obligations because of the occurrence of an unforeseen catastrophe which has wiped out their assets and interrupted or permanently destroyed their earning powers upon which factor their credit standing was based.

The shortcomings of the insurance statement is that although it lists coverage, there is no good check on its adequacy. For example, it might show adequate liability insurance on several automobiles owned and operated but no reference is made to several uninsured cars operated by salesmen in a distant territory. However, a personal injury verdict 2,000 miles away would hurt the customer's credit just as much as one at home, Mr. Falls pointed out.

Mr. Falls' talk and plan came as a complete surprise. He had been working on it intensively for the last two weeks to get it in shape for the meeting so there was very little opportunity for discussing it at the meeting. The recommendations must be approved by the committee on methods and procedure of the credit association.

Campbell to Line Up Groups

As chairman of the association's insurance group, D. C. Campbell, America Fore, will be in charge of getting the local associations to back the new credit information plan. There are 126 local associations affiliated with the national organization and about 26 have insurance committees which can be readily contacted.

Mr. Campbell estimates an increase of more than \$67,000,000 in fire premiums not including use and occupancy, will result when the new plan is perfected. The possibilities in casualty premiums are even greater, although there is no way of estimating the possible volume. Approximately 40 percent of the mercantile risks are not now adequately insured, according to Mr. Campbell.

For the time being insurance men who are proponents of the plan will concentrate on getting its approval by the National Association of Credit Men. However, even if this endorsement is not forthcoming, the suggested survey and method of using it may be adopted by individual credit men. Its value is especially great to credit men who deal with various lines of business in which there is no standardization and there

is difficulty in becoming well versed on various credit factors involved.

URGES COOPERATION

DETROIT—The Detroit Association of Insurance Agents at its meeting Tuesday evening was urged by Waldo O. Hildebrand, secretary-manager of the Michigan association, to give their fullest cooperation to making effective as soon as possible use of the new "Fact Finder" form proffered as an aid to credit men at the latter group's national convention in Grand Rapids last week.

The state association manager said every member affiliated with the organization should study the form and be prepared to "work diligently, competently and promptly" in filling out the form and supplying the needed information. The obvious potentialities for increasing the volume and variety of coverage carried were pointed out.

Mr. Hildebrand also summarized accomplishments at the recent legislative session when virtually all efforts to enact adverse measures were stifled. He warned, however, of some possible developments at the 1941 session which must be guarded against. Probable effect of some of the current enactments on the business was outlined.

A good attendance of Detroit agents at the Upper Peninsula convention was urged. It was explained that this is to be a meeting for entire state association membership, since President Martin Mullally designated it as such in order that action might be taken on a constitutional change making dues conform with volume. The meeting is being held July 14-15 at Iron River.

Pink Cites Main Changes in New York Code

(CONTINUED FROM PAGE 3)

lines in which they wish to operate and will be required to pass examinations only in those branches. The term of the agent's license is extended from one to two years. The fiduciary character of the agent and broker with respect to money received from policyholders, is expressly recognized. The broker is made the agent of the insurer in collecting the first premium under a policy delivered by him.

O'Connor Reviews Progress of A. & H. Association

(CONTINUED FROM PAGE 17)

is evidenced by the increase in attendance. In fact, I would recommend that in any city where there is a sufficient number of insurance men to warrant it (and I do not mean only accident salesmen but general line agents and brokers whom you wish to get interested in accident and health insurance) you association officials give serious thought to conducting courses of this nature. You will be surprised at the response and interest among the producers of other lines who are anxious and willing to devote their time to learning something about accident and health insurance if the opportunity is presented, particularly now that they have encountered rate cuts and disturbing problems in the casualty and other fields.

"Group study courses mean more than just a sales congress and they should be conducted along lines of a series of lessons and lectures or demonstrations spread over a period of weeks—long enough to cover the subjects of (1) analysis of insurance plans and policies; (2) study of the manual and general underwriting rules, waivers, etc.; (3) sales methods—prospecting, meeting objections, closings, etc.; (4) general service problems."

Speaking on "What Accident and Health Insurance Means to an Agent," Clyde E. Dalrymple, general agent Preferred Accident, Milwaukee, declared that accident and health insurance is the

greatest asset of an insurance agency—or it may be a tremendous liability.

"Whether you are a metropolitan agent or broker or a smaller city producer," he said, "the intensive development of accident and health insurance (1) will guarantee permanent success in the insurance business; (2) will bring more clients to your agency and will increase your commission from your clients. The neglect of the development of accident insurance will mean hazardous good will and confidence and the loss of business that should be yours."

He said an agency lives by its renewals. It grows by new clients—new risks—and additional lines from old policyholders. He then pointed out the possibilities along this line in connection with accident and health insurance and its importance from the profit standpoint, as commissions are greater than on any other casualty line and renewals are annual, as against a three-year term on fire and some casualty business. He compared accident and health commissions with those on life insurance and pointed out that with three new applications a week an agent at the end of 10 years will have an annuity of at least \$11,500.

Turning on the Heat

With fire insurance premiums per policy at the lowest point in history, and with the present situation in automobile liability rates, every agency is showing a lower earning on renewals. The progressive agent, he said, is "turning on the heat" on accident and health to make up these losses.

In regard to the development of other lines from accident and health, he said the records show that 25 to 35 percent of an agency's accident policyholders will buy life insurance, 50 to 60 percent will buy fire or automobile insurance, 40 to 50 percent will buy additional accident for members of the family and the agent will become the insurance adviser for about 15 percent.

"The neglect of accident and health insurance by an agency," he said, "may develop a liability that will take years to overcome. Any agent who is neglecting this line is extending an invitation to a competitor agent to use the accident line as an entering wedge to gain the customer's entire line."

Trend to Federal Participation

A definite legislative trend toward increased governmental participation in the insurance business, and in accident and health insurance was noted by Wesley T. Hammer, accident and health department manager Metropolitan Casualty and Commercial Casualty in New York, in a talk on "Legislative Trends."

"If we don't like the trend, we can oppose it," he said. "The best way to fight something is with something. The surest way to head off compulsory insurance is to have a large proportion of the population satisfied with the benefits they are deriving from voluntary insurance."

"In every legitimate way, we should try to increase the percentage of the population that is so insured—we should attempt to sell to more people in all the income brackets. We should strive to be well and favorably known by the entire country—by the rank and file, and by the leaders of public opinion. In so doing, we not only are benefiting ourselves, but are guaranteeing the continued growth and permanence of our business."

Urges Selling Standard Policy

Mr. Hammer suggested that accident and health insurance could be much more widely spread if a majority of companies would bring out a simple weekly indemnity contract, starting benefits from the eighth day for accidental injury or illness, paying for a limited period of possibly 26 weeks, and with weekly benefit, possibly, not more than \$20—at a fixed rate for all wage earners, because of nonoccupational accident coverage, and at a very low premium rate. He suggested commission scale be cut in half to permit this low rate. If such a policy were sold without any

Finds Business Is on the Upgrade Following Decline

Business has shown a substantial rebound during May following a decline in activity during April according to the index of industrial accidents maintained by the Lumbermen's Mutual Casualty. This index, which directly reflects increases or decreases in employment, rose substantially from July 1938 when it stood at 91.9 to March 1939 when it reached 125.7. In April the index declined to 112.3 evidencing a curtailment of business activity generally. In May however, the index recovered most of its previous loss and now stands 123.3.

The increase in accidents over May 1938 was equivalent to 25.4. This increase amounted to 33.4 on the Atlantic seaboard and 27.5 in the middle west, while the Pacific seaboard showed a decrease of 7.3.

Industrial accidents occur at a fairly constant rate per hour of work and it is this close relationship of hours worked to accident frequency that make an index based on industrial accidents an accurate business barometer.

Mannon Talks to Controllers

Following the talk by A. P. Lange, manager insurance department Hale Bros. Stores, on products liability before the Controllers Congress of the National Retail Dry Goods Association in San Francisco, June 27, R. L. Mannon, chief underwriter Fireman's Fund Indemnity, will talk on the same subject from the standpoint of the companies.

Would Bar Reciprocals

Arnold Huppert and Joseph Brooks of Livingston, Mont., have petitioned the Lewis and Clark county district court for an order permanently restraining Commissioner Holmes from granting licenses to the Farmers Auto Insurance Exchange and the Truck Insurance Exchange, both of Los Angeles. Messrs. Huppert and Brooks assert they acted on behalf of more than 3,000 Montana agents. They allege that these are reciprocal institutions whereby each policyholder insures the other and the claim is made that California policyholders would be acting as insurers of Montana risks without license.

Seek Receiver for Denver Insurer

DENVER — Commissioner Kavanaugh before leaving to attend the commissioners convention in San Francisco, took steps to have a receiver appointed for International Mutual Liability. An effort will be made to have the management agree to appointment of a receiver. This company, writing compensation insurance, was featured in the recent legislative inquiry into insurance in Colorado.

Fourth Class to Start Sept. 11

The Travelers' home office training school for casualty agents will open its autumn season with a fourth class Sept. 11, continuing until Oct. 6. Applications for admittance are being received at the home office and it is expected the class will be a large one. The school is under direction of John H. Egloff, supervisor of agency field service, casualty lines, assisted by H. D. Sherwood and C. E. Blake, assistant supervisors.

variation by all the companies and publicized as an "income security plan," he said, it would result in a much higher national percentage of accident and health protection and bring the companies and producers more generally into the movement to conserve the insurance business as a private industry.

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